

**THE GOVERNMENT**

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**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom – Happiness**

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No. 46/2023/ND-CP

*Hanoi, July 1, 2023*

## **DECREE**

### **ON ELABORATION OF THE LAW ON INSURANCE BUSINESS**

*Pursuant to the Law on Government Organization June 19, 2013; the Law on amendments to the Law on Organization of Government and the Law on Organization of Local Governments dated November 22, 2019;*

*Pursuant to Law on Social Insurance dated June 16, 2022;*

*Pursuant to the Law on Enterprises dated June 17, 2020;*

*Pursuant to the Law on Investment dated June 17, 2020;*

*At the request of the Minister of Finance;*

*The Government promulgates a Decree on elaboration of the Law on Insurance Business.*

#### **Chapter I**

### **GENERAL PROVISIONS**

#### **Article 1. Scope**

This Decree elaborates Clause 2, Article 6, Clause 2, Article 7, Clause 5, Article 11, Point b, Clause 1, Article 64, Point a, Clause 2, Article 64, Clause 3, Article 65, Point dd, Clause 1, Article 67, and Point a Clause 2 Article 67, Clause 6 Article 69, Clause 4 Article 71, Clause 4 Article 74, Clause 2 Article 77, Clause 5 Article 81, Clause 4 Article 83, Clause 5 Article 87, Clause 1 Article 89, Clause 3 Article 93, Clause 6 Article 94, Clause 4 Article 97, Clause 2 Article 98, Point b Clause 1 and Clause 5 Article 99, Clause 5 Article 100, Clause 3 Article 101, Clause 2 Article 102, Clause 3 Article 115, Point d Clause 2 Article 125, Point b Clause 1 and Point a Clause 2 Article 133, Clause 2 Article 134, Clause 4 Article 136, Clause 1 and Clause 3 Article 138, Clause 3 Article 143, Clause 1 Article 152, Clause 3 Article 156, Point b Clause 5, Article 157 of the Law on Insurance Business.

#### **Article 2. Regulated entities**

1. Non-life insurers, life insurers, health insurers (hereinafter referred to as insurers), reinsurers, insurance agents, insurance brokers, corporate and individual providers of insurance auxiliary services, mutuals providing microinsurance products.
2. Branches of foreign non-life insurers, foreign reinsurers' branches (hereinafter referred to as foreign branches in Vietnam); representative offices of foreign insurers, foreign reinsurers, foreign insurance brokers, foreign financial and insurance corporations in Vietnam (hereinafter referred to as representative offices in Vietnam).
3. Policyholders/the assured, the insured, beneficiaries.
4. State regulatory authorities in charge of insurance business affairs.
5. Entities and persons involved in insurance business.

#### **Article 3. Types of life insurance**

Types of life insurance include:

1. Whole life insurance.

2. Pure endowment insurance.
3. Term life insurance.
4. Endowment insurance.
5. Annuities.
6. Investment-linked insurance (including universal life insurance and unit-linked insurance) prescribed in Chapter VII of this Decree.
7. Retirement insurance specified in Chapter VII of this Decree.

#### **Article 4. Types of non-life insurance**

Types of non-life insurance include:

1. Property insurance.
2. Cargo insurance.
3. Aviation insurance.
4. Motor vehicle insurance.
5. Fire insurance.
6. Marine hull and liability insurance.
7. Liability insurance.
8. Trade credit risk insurance.
9. Agriculture insurance.
10. Guarantee insurance.
11. Other types of damage insurance.

#### **Article 5. Types of health insurance**

Types of health insurance include:

1. Health insurance and personal injury insurance.
2. Medical cost insurance.

#### **Article 6. Rules for creation, management, utilization, and use of database on insurance business**

1. Database on insurance business means database specialized in insurance management, which is developed and supervised by the Ministry of Finance.
2. A database on insurance business is a collection of documents, data, and information about insurance business and related activities. It is collected, processed, digitized, integrated, and stored on information technology systems to meet the requirements of policy making, statistics, forecasting, management, and supervision of insurance business activities. The database also creates an environment for the application of basic data analysis models to serve insurance business management and supervision.
3. The creation, management, utilization, and use of database on insurance business must follow the principles below:
  - a) The database on insurance business must be kept up-to-date and maintained on a regular basis to ensure that it promptly serves the state management of insurance business;

The database on insurance business must be maintained in a continuous, stable, and smooth operation. It must show the history of information updates and revisions, and the information must be stored securely and confidentially;

The creation, management, utilization, and use of the database on insurance business must comply with the provisions of the Law on Insurance Business, the Law on Information Technology, the Law on Electronic Transactions; regulations on management, connection and sharing of digital data by state regulatory agencies; regulations on ensuring protection of private life, personal secrets, family secrets, protection of business confidentiality and other relevant laws.

#### **Article 7. Information in the database on insurance business**

The database on insurance business includes the following:

1. Category regarding insurers, reinsurers, foreign branches in Vietnam, insurance brokers, mutuals providing microinsurance products, representative offices in Vietnam:

a) Details about Establishment and Operation Licenses, representative office licenses;

b) Details about financial positions and professional operations in reports:

financial statements, operational reports, reports on separate management of equity and premiums, reports on assessment of solvency and risk management, other reports of insurers, reinsurers, foreign branches in Vietnam as per Article 106 of the Law on Insurance Business;

Financial statements, regular operational reports, ad-hoc reports, disclosure of information or data by insurance brokers as per clause 5 Article 138 of the Law on Insurance Business;

Financial statements, operational reports, and other reports of mutuals providing microinsurance products as per the law.

c) Details about: Managers and controllers of insurers, reinsurers and foreign branches in Vietnam; members of the Board of Directors, members of the Board of Members, the Directors, General Directors, legal representatives, Vice Directors or Deputy General Directors, Chief Accountants, heads of operation department of insurance brokers (hereinafter referred to as managers of insurance broker); Presidents of the Board of Directors, General Directors or Directors, Appointed Actuaries of mutual providing microinsurance products. Details about: Date of appointment, date of termination of employment (if any); degrees, certificates, working experience in the fields of insurance, finance, banking, or other fields corresponding to each post specified in Article 80, Clause 1, Article 138 and Clause 3, Article 149 of the Law on Insurance Business.

2. Category regarding policyholders, insured people, subjects insured under insurance policies which are made and effective in a reporting period, including:

a) With respect to life insurance: The number of insured people (classified by the type of risk covered, age, insurance period, year of insurance policy when the risk occurs, gender, health-related lifestyle choices), the survival probability of the insured person by year, and other factors that may be used to assess insurance risk;

b) With respect to health insurance: The number of insurance policies, the number of insured people, the number of health insurance claims, total payout amount (classified by ages, insurance benefits) and other factors that may be used to assess insurance risk;

c) With respect to non-life insurance: The number of insurance policies, sum insured, the number of health insurance claims, total payout amount (classified by subject insured; category and intended use) and other factors that may be used to assess insurance risk.

3. Category regarding insurance agents: Reports on training and engagement of insurance agents by insurers, branches of foreign non-life insurers, and mutuals providing microinsurance products as prescribed at Point k, Clause 2, Article 128 of the Law on Insurance Business.

4. Category regarding exam, insurance of insurance certificates, insurance auxiliary certificates, insurance brokerage certificates, including: Identity of the certificate holder; certificate type; the name of the training institution; exam code; decision on approval for exam results.

5. Category regarding supervision and penalties for administrative violations against insurance business regulations: Name of penalized entity, penalty decision number and date, violation, penalty type and degree, remedial measure (if any).

6. The Minister of Finance shall elaborate forms related to the information in point c Clause 1 and Clause 2 of this Article.

#### **Article 8. Collection of information in the database on insurance business**

1. Responsibility to provide and update information:

a) Information specified at Points b and c, Clause 1, Article 7 of this Decree shall be provided by insurers, reinsurers, foreign branches in Vietnam, insurance brokers, mutuals providing microinsurance products;

b) Information specified at Clauses 2 and 3, Article 7 of this Decree shall be provided by insurers, branches of foreign non-life insurers, mutuals providing microinsurance products;

c) Information specified at Point a, Clause 1, Clause 4, Clause 5, Article 7 of this Decree shall be updated by the Ministry of Finance (the Department of Insurance Management and Supervision);

d) The organizations specified in Clause 2, Article 11 of the Law on Insurance Business shall connect and provide complete and accurate information to the database on insurance business. If incomplete or inaccurate information is found, the information provider must review, correct, update, and report it to the Ministry of Finance.

2. Forms of providing and updating information:

The provision and updating of information for the database on insurance business can be done through the database's web portal or in the form of electronic data files.

3. Time limit for providing and updating information:

a) Information specified at Points a and c, Clause 1, Article 7 of this Decree shall be provided and updated within 10 days of generation;

b) The time limit for providing information specified at Point b, Clause 1 and Clause 3, Article 7 of this Decree shall comply with the Minister of Finance's regulations on elaboration of Article 106, Clause 5 Article 138 and Point k Clause 2 Article 128 of Law on Insurance Business on reporting and providing information of insurers, reinsurers, foreign branches in Vietnam, insurance brokers, and the Government's regulations on the reports of mutual organizations providing microinsurance products;

c) Information specified in Clause 2, Article 7 of this Decree shall be provided annually, within 90 days from the end of the fiscal year;

d) Information specified in Clause 4, Article 7 of this Decree shall be provided and updated on a monthly basis, within 15 days from the end of the month;

dd) Information specified in Clause 5, Article 7 of this Decree shall be updated immediately after the date on which the administrative penalty is imposed.

4. Information specified in Clauses 1, 3, 4 and 5, Article 7 of this Decree which is provided and updated in the database on insurance business is information generated from January 1, 2024. Information specified in Clause 2, Article 7 of this Decree which is provided and updated in the database on insurance business is information generated from January 1, 2025.

#### **Article 9. Use of information from the database on insurance business**

1. The use of information from the database on insurance business must satisfy the following requirements:

a) The Ministry of Finance uses the database on insurance business to support the state's supervision of the insurance business;

- b) State regulatory agencies, according to their functions and tasks, use information to support their public administration;
- c) Agencies, organizations, and individuals may use information from the database on insurance business, including: their own information, personal information of individuals with their consent, or general information and statistics on insurance business and the insurance market, which are made public by the Ministry of Finance from time to time.

2. Agencies, organizations and individuals utilize and use information from the database on insurance business through the web portal of the Ministry of Finance.

#### **Article 10. Connection of the database on insurance business with other databases**

The connection of the insurance business database with national databases and other specialized databases is made in accordance with Decree No. 47/2020/ND-CP dated April 9 2020 of the Government on the management, connection and sharing of digital data in state regulatory agencies and special law.

### **Chapter II**

## **INSURERS, REINSURERS, FOREIGN BRANCHES IN VIETNAM**

### **Section 1. ISSUANCE OF ESTABLISHMENT AND OPERATION LICENSES**

#### **Article 11. Financial requirements for the issuance of Establishment and Operation Licenses to insurers, reinsurers, and foreign branches in Vietnam**

1. A capital contributor which contributes at least 10% of charter capital to establish an insurer or reinsurer must meet the requirements as prescribed in Articles 64, 65, 66 of the Law on Insurance Business and the following financial conditions:

- a) Capital contributors engaging in businesses that require legal capital, minimum charter capital, or minimum capital must ensure that the difference between owner's equity and the required capital is greater than or equal to their planned contribution;
- b) If capital contributors are established and operate under the Law on Credit Institutions, the Law on Insurance Business, and/or the Law on Securities, they must maintain their financial safety conditions and obtain permission from competent authorities to contribute capital in accordance with law. In cases where relevant laws do not require written approval from a competent authority, the capital contributor must have a written certification of this;

Foreign insurers, foreign reinsurers, and foreign financial and insurance corporations that are capital contributors must maintain their financial safety conditions and be approved by the competent authority of the country where they are headquartered (hereinafter referred to as home country) in order to establish insurers and reinsurers in Vietnam. If the home country's regulations do not require a written approval, a written certification from a competent authority, organization, or individual is required in accordance with the law of that home country.

d) The financial statements for the three consecutive years preceding the year of application must receive an unqualified opinion.

2. When foreign non-life insurers or foreign reinsurers establish branches in Vietnam, they must satisfy the conditions specified in Article 67 of the Law on Insurance Business and the following financial conditions:

- a) Conditions specified at Points a and d, Clause 1 of this Article;
- b) They are certified by the competent authority of their home country that they maintain the financial safety conditions and have not seriously violated the regulations of the law on insurance business within the last 3 consecutive years preceding the year of application.

#### **Article 12. Application for issuance of Establishment and Operation License to insurance limited liability company or reinsurance limited liability company**

1. An application form for a License, provided in Appendix I to this Decree.

2. Draft of the company's charter as prescribed in the Law on Enterprises.
3. Operation plan for the first 5 years suitable to the business line for which the License is requested. The plan must clearly state the types of insurance to be provided, target market, distribution channel, and method of setting aside the technical reserves, reinsurance program, capital investment, business efficiency, solvency, internal control, internal audit, risk management, information technology of the insurer or reinsurer.
4. Copies of 9-digit or 12-digit ID cards or passports; police (clearance) certificates or equivalent of foreigners as prescribed by foreign law; curricula vitae, copies of degrees, certificates and other documents proving the eligibility of the person expected to be appointed as President of the Members' Council, Director or General Director, Legal Representative, Appointed Actuary of the insurer or reinsurer.
5. List of capital contributors and the following attached documents:
  - a) A copy of the establishment decision or business registration certificate or other equivalent document;
  - b) A copy of the company's charter;
  - c) A decision issued by the competent authority of the capital contributor on capital contribution to establish the insurer or reinsurer;
  - d) A written authorization, a copy of 9-digit or 12-digit ID card or passport of the capital contributor's authorized representative;
  - dd) The audited financial statements for the three consecutive years preceding the year of application. In case a foreign insurer, foreign reinsurer, or foreign financial and insurance corporation authorizes a subsidiary to contribute capital to establish an insurer or reinsurer in Vietnam, it must also submit copies of the subsidiary's audited financial statements for the three consecutive years preceding the year of application.

Audited financial statements of foreign insurers, foreign reinsurers, foreign financial and insurance corporations, and their subsidiaries must comply with Point d, Clause 1, Article 11 of this Decree;

  - e) An authorization letter, if the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation authorizes their subsidiary to perform offshore investment and commit to jointly take responsibility, together with the subsidiary, for capital contribution and obligations of the subsidiary in the establishment of insurers and reinsurers in Vietnam;
  - g) The written commitment of the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation to provide financial support, technology, corporate governance, risk and operation management for insurers, reinsurers to be established in Vietnam. They shall ensure that newly-established insurers and reinsurers comply with regulations on financial safety and risk management in accordance with the Law on Insurance Business;
  - h) Documents proving that the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has contributed capital in accordance with Point c, Clause 1, Article 65 of the Law on Insurance Business.
6. A list of beneficial owners, including their full name, date of birth, 9-digit or 12-digit ID card number or passport number, nationality (specify all nationalities they have and their corresponding permanent addresses in those countries), residential address in Vietnam (if any), direct and indirect ownership rates in the insurer or reinsurer to be established.
7. Certification of an authorized bank in Vietnam that the charter capital deposited in a blocked account opened at the bank is not lower than the minimum charter capital specified in Article 35 of this Decree. The certification must clearly state the capital contribution amount of each member, blocked amount, blockade purpose, blockade duration and conditions for lifting blockade.

8. A minutes of the meeting of capital contributors (for the application for establishment of multiple-member limited liability company) in the matter of:

a) Agreement to contribute capital to establish an insurance limited liability company or a reinsurance limited liability company, together with a list of capital contributors;

b) Approval for the draft of the company's charter.

9. A certificate of the competent authority of the home country of the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation that:

a) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation is permitted to establish insurers and reinsurers in Vietnam. If the home country's regulations do not require a written approval, a written certification from a competent authority, organization, or individual is required in accordance with the law of the country;

b) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has operated in the line of business they intend to conduct operations in Vietnam;

c) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has financial soundness and has fully met the management requirements in their home country;

c) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has not seriously violated their home country's regulations on insurance business for 3 consecutive years preceding the year of application.

10. A certification issued by a competent authority that Vietnamese capital contributors meet financial safety conditions and are allowed to contribute capital to establish an insurer or reinsurer in accordance with law. If relevant law does not require a written approval, the capital contributor must have a written certification of this.

11. The written commitment of the capital contributors that they meet the eligibility requirements for issuance of the License as prescribed in Article 11 of this Decree and Article 65 of the Law on Insurance Business.

12. A document proving that the capital contributors ensure that the difference between owner's equity and the required capital is greater than or equal to their planned contribution as prescribed in Point a, Clause 1, Article 11 of this Decree.

13. A document authorizing an individual or organization to act on behalf of capital contributors to carry out the procedures for applying for a License.

### **Article 13. Application for issuance of Establishment and Operation License to insurance joint-stock company, reinsurance joint-stock company**

1. An application form for a License, provided in Appendix I to this Decree.

2. Draft of the company's charter as prescribed in the Law on Enterprises.

3. Operation plan for the first 5 years suitable to the business line for which the License is requested. The plan must clearly state the types of insurance to be provided, target market, distribution channel, and method of setting aside the technical reserves, reinsurance program, capital investment, business efficiency, solvency, internal control, internal audit, risk management, information technology of the insurers or reinsurer.

4. Copies of 9-digit or 12-digit ID cards or passports; police (clearance) certificates or equivalent of foreigners as prescribed by foreign law; curricula vitae, copies of degrees, certificates and other documents proving the eligibility of the person expected to be appointed as President of the Board of Directors, Director or General Director, Legal Representative, Appointed Actuary of the insurer or reinsurer.

5. Profile of an individual founding shareholder:

- a) A copy of 9-digit or 12-digit ID card or passport; police (clearance) certificate according to the form or equivalent document of foreigners as prescribed by foreign law;
- b) A bank's confirmation of the balance of Vietnamese dong or freely convertible foreign currency deposited at the bank.

6. Profile of a corporate shareholder that contributes at least 10% of charter capital:

- a) A copy of the establishment decision or business registration certificate or other equivalent document;
- b) A copy of the company's charter;
- c) A decision issued by the competent authority of the capital contributor on capital contribution to establish the insurer or reinsurer;
- d) A written authorization, a copy of 9-digit or 12-digit ID card or passport of the authorized representative of the capital contributor;
- dd) A copy of the audited financial statement for the three consecutive fiscal years preceding the year of application. In case an insurer, reinsurer, or foreign financial and insurance corporation authorizes a subsidiary to contribute capital to establish an insurer or reinsurer in Vietnam, it must also submit copies of the subsidiary's financial statements for the three consecutive years preceding the year of application.

Audited financial statements of foreign insurers, foreign reinsurers, foreign financial and insurance corporations, and their subsidiaries must comply with Point d, Clause 1, Article 11 of this Decree;

- e) An authorization letter, if a foreign insurer, foreign reinsurer, or foreign financial and insurance corporation authorizes their subsidiary to perform offshore investment and commit to jointly take responsibility, together with the subsidiary, for capital contribution and obligations of the subsidiary in the establishment of insurers and reinsurers in Vietnam;
- g) The written commitment of the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation to provide financial support, technology, corporate governance, risk and operation management for insurers, reinsurers to be established in Vietnam. They shall ensure that newly-established insurers and reinsurers comply with regulations on financial safety and risk management in accordance with the Law on Insurance Business;
- h) A document proving that this capital contributor complies with Point b, Clause 1, Article 66 of the Law on Insurance Business.

7. Profile of a corporate shareholder that contributes less than 10% of charter capital:

- a) Documents specified at Points a, b, c, d, Clause 6 of this Article;
- b) A copy of the audited financial statement for fiscal year preceding the year of application.

8. A list of beneficial owners, including their full name, date of birth, 9-digit or 12-digit ID card number or passport number, nationality (specify all nationalities they have and their corresponding permanent addresses in those countries), residential address in Vietnam (if any), direct and indirect ownership rates in the insurer or reinsurer to be established.

9. Certification of an authorized bank in Vietnam that the charter capital deposited in a blocked account opened at the bank is not lower than the minimum charter capital specified in Article 35 of this Decree. The certification must clearly state the capital contribution amount of each shareholder, blocked amount, blockade purpose, blockade duration and conditions for lifting blockade.

10. Meeting minutes of shareholders on:

- a) Agreement to contribute capital to establish a joint-stock insurance company, joint-stock reinsurance company, together with a list of shareholders and founding shareholders;



b) Approval for the draft of the company's charter.

11. An authorization of an individual or organization to act on behalf of shareholders to apply for the License.

12. A certification issued by a competent authority that Vietnamese capital contributors meet financial safety conditions and are allowed to contribute capital to establish an insurer or reinsurer in accordance with law. If relevant law does not require a written approval, the capital contributor must have a written certification of this.

13. A certification issued by the competent authority of the home country of the foreign insurer, foreign reinsurer, or foreign financial and insurance corporation that:

a) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation is permitted to establish insurers and reinsurers in Vietnam. If the home country's regulations do not require a written approval, a written certification from a competent authority, organization, or individual is required in accordance with the law of that home country;

b) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has operated in the line of business they intend to conduct operations in Vietnam;

c) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has financial soundness and has fully met the management requirements in their home country;

d) The foreign insurer, foreign reinsurer, or foreign financial and insurance corporation has not seriously violated their home country's regulations on insurance business for 3 consecutive years preceding the year of application.

14. The written commitment of the shareholders that they meet the eligibility requirements for issuance of the License as prescribed in Clause 1 Article 11 of this Decree and Article 66 of the Law on Insurance Business.

15. A document proving that the capital contributors ensure that the difference between owner's equity and the required capital is greater than or equal to their planned contribution as prescribed in Point a, Clause 1, Article 11 of this Decree.

#### **Article 14. Application for issuance of Establishment and Operation License to foreign branch in Vietnam**

1. An application form for a License, as specified in Appendix I to this Decree.

2. The draft Regulation on organization and operation of foreign branch in Vietnam which has been approved by the foreign non-life insurer or foreign reinsurer.

3. Operation plan for the first 5 years suitable to the business line for which the License is requested. The plan must clearly state the types of insurance to be provided, target market, distribution channel, and method of setting aside the technical reserves, reinsurance program, capital investment, business efficiency, solvency, internal control, internal audit, risk management, information technology of the foreign branch in Vietnam.

4. Copies of 9-digit or 12-digit ID cards or passports; police (clearance) certificates or equivalent of foreigners as prescribed by foreign law; curricula vitae, copies of degrees, certificates and other documents proving the eligibility of the person expected to be appointed as Director, Legal Representative, Appointed Actuary of the foreign branch in Vietnam.

5. Documents on the non-life insurer or foreign reinsurer:

a) A copy of the establishment decision or business registration certificate or other equivalent documentation;

b) A copy of the company's charter;

c) A decision issued by the competent authority of the foreign non-life insurer or foreign reinsurer on the establishment of a branch in Vietnam;

- d) A written authorization, a copy of 9-digit or 12-digit ID card or passport of the authorized representative of the foreign non-life insurer or foreign reinsurer;
  - dd) A copy of the audited financial statement for the three consecutive fiscal years preceding the year of application;
  - e) A written commitment of the foreign non-life insurer or foreign reinsurer to be responsible for all obligations incurred by the branch in Vietnam;
  - g) Documents proving that the foreign non-life insurer or foreign reinsurer has contributed capital in accordance with Point b, Clause 1, Article 66 of the Law on Insurance Business.
6. Certification of an authorized bank in Vietnam that the charter capital deposited in a blocked account opened at the bank is not lower than the minimum charter capital specified in Article 36 of this Decree. The certification must clearly state the capital contribution amount, blocked amount, blockade purpose, blockade duration and conditions for lifting blockade.
7. A certification issued by the competent authority of the home country of the foreign non-life insurer, or foreign reinsurer that:
- a) The foreign non-life insurer or foreign reinsurer is permitted to establish a branch in Vietnam and has operated in the line of business they intend to conduct operations in Vietnam;
  - b) The foreign non-life insurer or foreign reinsurer has financial soundness and has fully met the management requirements in their home country;
  - c) The foreign non-life insurer or foreign reinsurer has not seriously violated their home country's regulations on insurance business for 3 consecutive years preceding the year of application.
8. The written commitment of the foreign non-life insurer or foreign reinsurer that they meet the eligibility requirements as prescribed in Clause 2 Article 11 of this Decree and Clause 1, 2 Article 67 of the Law on Insurance Business.
9. A document proving that the capital contributors ensure that the difference between owner's equity and the required capital is greater than or equal to their planned contribution as prescribed in Point a, Clause 2, Article 11 of this Decree.

#### **Article 15. General criteria for submission and supplementation of applications and documents**

1. The application for the Establishment and Operation License to be submitted to the Ministry of Finance must be made in 2 sets, including one original set and one copy set.
2. Applications submitted to the Ministry of Finance must satisfy the following:
  - a) Documents with signatures, titles, and seals of foreign organizations and individuals in the application must be consularly legalized in accordance with law within 12 months preceding the date of application, except for the following documents: Application form for License; copy of 9-digit or 12-digit ID card or passport; document issued by the competent authority of the company; authorization letter; written commitment;
  - b) Copies in the application must be made from the master register or be authenticated;
  - c) If applicant for Establishment and Operation Licenses is a foreign organization or individual, each set shall include one copy in Vietnamese and one copy in English, except for Vietnamese documents (or copies from the original Vietnamese language) that are originally made in Vietnam;
  - d) Documents made in a foreign language must be accompanied by a certified translation into Vietnamese by a competent authority. Translations of financial statements must be certified by authorized translation organizations or individuals in accordance with the law.
  - dd) Police (clearance) certificate, made according to the form or equivalent document of a foreigner prescribed by foreign law must be issued by a competent authority no later than 12

months before the date of application. The certificate must have full information on criminal convictions and prohibition from holding certain positions, establishing, or managing enterprises or cooperatives;

e) The curriculum vitae must be made no later than 6 months before the date of application;

g) The bank's certifications on the balance of Vietnamese dong or a freely convertible foreign currency deposited at an authorized bank in Vietnam specified in this Decree must be made within 6 months before the date of application;

h) There must be an enclosure list in each application set.

3. Organizations and individuals involved in the application-making process must be legally responsible for their accuracy, truthfulness, and completeness. If an organization or individual falsifies information in an application for License, the Ministry of Finance has the discretion to deny any application for License for five years from the time the fraudulent acts are detected.

4. If documents on Vietnamese citizens' identity required in the application have been integrated in the National Population Database and the Identity Database, the Ministry of Finance shall collect them from these databases through exchange with state regulatory agencies.

#### **Article 16. Procedures for applying for Establishment and Operation License**

1. An application for Establishment and Operation Licenses shall be prepared as per this Decree; and submitted in person at the Ministry of Finance, or sent by post, or through the online public service system if eligible.

2. Within 30 days of receiving an incomplete or invalid application, the Ministry of Finance shall notify the applicant in writing to supplement or revise the application. The time limit for supplementation or revision of the investor's application is 6 months from the date of notification. In case the investor fails to supplement or revise the application within the prescribed time limit, the Ministry of Finance will deny the application.

The time limit for the applicant to supplement or revise their application is 12 months from the date of the first notification by the Ministry of Finance. If the applicant fails to complete the application within the specified time limit, the Ministry of Finance has the discretion to deny the application.

3. Within 60 days of receiving a complete or valid application, the Ministry of Finance shall grant an Establishment and Operation License to the insurer, reinsurer, or foreign branch in Vietnam according to the Appendix II hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing. The Ministry of Finance may only deny the application if the capital contributor or the insurer, reinsurer, or foreign branch to be established in Vietnam does not fully satisfy the requirements and/or application as prescribed in this Decree, or the documents therein are forged or falsified as specified in Clause 3, Article 15 of this Decree.

#### **Article 17. Revocation of the Establishment and Operation License**

1. For the cases specified at Points a, d and e, Clause 1, Article 75 of the Law on Insurance Business, procedures for revoking the Establishment and Operation License of the insurer or branch of foreign non-life insurer are as follows:

a) Within 20 days of signing the record of violations (for the cases specified in Points a and d, Clause 1, Article 75 of the Law on Insurance Business) or receiving a notice that the foreign non-life insurer has gone bankrupt, which leads to the revocation of its license, the Ministry of Finance shall send a written request to the insurer or branch of the foreign non-life insurer to take the following actions: Immediately cease the conclusion of any new insurance and reinsurance policies, and do not sign any new or renewed policies related to the insurance business; transfer the portfolios of insurance policies.

b) Within 6 months of receiving the official dispatch from the Ministry of Finance, the insurer, branch of foreign non-life insurer must complete the transfer of the portfolios of insurance policies

as prescribed in Clause 2, Article 75 of the Law on Insurance Business and Article 34 of this Decree;

c) Within 20 days of receiving a complete report from the insurer or branch of the foreign non-life insurer on the completion of the insurance policy transfer, the Ministry of Finance shall issue a License revocation decision to the insurer or branch of foreign non-life insurer;

d) The insurer shall carry out procedures for dissolution, the branch of foreign non-life insurer shall carry out procedures for ceased operation as prescribed in Article 115 of the Law on Insurance Business.

2. For the cases specified at Points a, d and e, Clause 1, Article 75 of the Law on Insurance Business, procedures for revoking the Establishment and Operation License of the reinsurer or branch of foreign reinsurer are as follows:

a) Within 20 days of signing the record of violations (for the cases specified in Points a and d, Clause 1, Article 75 of the Law on Insurance Business) or receiving a notice that the foreign reinsurer has gone bankrupt, which leads to the revocation of its license, the Ministry of Finance shall issue a License revocation decision to the reinsurer or branch of the foreign reinsurer:

b) After receiving the License revocation decision, the reinsurer or branch of the foreign reinsurer must immediately cease the conclusion of any new reinsurance policies, or signing of any new or renewed policies. The reinsurer shall carry out procedures for dissolution, the branch of foreign reinsurer shall carry out procedures for ceased operation as prescribed in Article 115 of the Law on Insurance Business.

3. For the cases specified at Point b, Clause 1, Article 75 of the Law on Insurance Business, procedures for revoking the Establishment and Operation License of the insurer, reinsurer or foreign branch are as follows:

a) Within 20 days from the expiration of the time limit specified at Point b, Clause 1, Article 75 of the Law on Insurance Business, the Ministry of Finance shall issue a License revocation decision to the insurer, reinsurer, foreign branch;

b) The insurer, reinsurer, foreign branch shall carry out procedures for dissolution and ceased operation as prescribed in Article 115 of the Law on Insurance Business.

4. In case of full division, partial division, acquisition, or consolidation as prescribed in point c, Clause 1, Article 75 of the Law on Insurance Business, the Ministry of Finance shall issue a License revocation decision to the insurers or reinsurers that engage in the full division, partial division, acquisition, or consolidation, and issue new License to newly established insurers, or reinsurers.

5. In case of voluntary dissolution or ceased operation specified at Point c, Clause 1, Article 75 of the Law on Insurance Business, within 14 days of receiving the full report from the insurer, reinsurer, or foreign branch in Vietnam on completion of policy transfer and procedures for dissolution and ceased operation as prescribed in Article 115 of the Law on Insurance Business, the Ministry of Finance shall issue a License revocation decision to the insurer, reinsurer, or foreign branch in Vietnam.

6. For the case specified at Point dd, Clause 1, Article 75 of the Law on Insurance Business, within 20 days from the date on which the Court's declaration of bankruptcy comes into force, the Ministry of Finance shall issue a License revocation decision to the insurer or reinsurer.

## **Section 2. REVISIONS TO THE LICENSES OF INSURERS, REINSURERS, OR FOREIGN BRANCHES IN VIETNAM**

### **Article 18. Change of name, head office of an insurer, reinsurer, or foreign branch in Vietnam**

1. Application for change of name, head office of an insurer, reinsurer, or foreign branch in Vietnam includes:

- a) An application form for change of name or head office, provided in Appendix III to this Decree;
- b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the change of name, head office;

c) Documentation showing the right to use the head office (for the change of head office).

2. Within 7 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 19. Increase in charter capital of insurers, reinsurers, foreign branches in Vietnam**

1. If an insurer, reinsurer, or foreign branch in Vietnam seeks to increase their charter capital, they must meet the following requirements:

- a) The increase in charter capital or allocated capital shall be made in Vietnamese Dong;
- b) Shareholders, capital contributors, and parent companies of insurers, reinsurers, and foreign branches in Vietnam are not permitted to supplement their charter capital or allocated capital through loan capital or investment trust capital from other organizations or individuals.
- c) After charter capital is increased, the insurer or reinsurer must still satisfy the requirements pertaining to shareholder structure specified in Article 66 of the Law on Insurance Business for joint-stock companies.

With respect to joint-stock companies established before January 1, 2023, they must satisfy the mentioned requirements pertaining to shareholder structure from January 1, 2026.

d) If the insurer or reinsurer increases its charter capital through capital contributions from new shareholders or capital contributors, these new shareholders and capital contributors must satisfy the conditions prescribed in Clauses 1 and 2, Article 64 and Article 65 of the Law on Insurance Business.

2. Application for Ministry of Finance's approval of principle to increase charter capital (for insurers, reinsurers) or increase allocated capital (for foreign branches in Vietnam) includes the following:

- a) An application form for change of charter capital or allocated capital, provided in Appendix III to this Decree;
- b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the increase of charter capital (or allocated capital). This document must specify the increased amount, method, and time for capital increase;

c) Plan for mobilization and use of charter capital or allocated capital;

d) List of capital contributors of the insurer or reinsurer (for limited liability company) or shareholders (for joint-stock company) expected to own at least 10% of the charter capital of the insurer or reinsurer after increasing capital; documentation proving that the new shareholders and capital contributors satisfy the requirements specified in Articles 64 and 65 of the Law on Insurance Business. This provision does not apply to the case of increasing charter capital by the method of securities public offering, securities offering of listed and public joint-stock companies.

3. Within 20 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. In case of increase of charter capital by method of public offering of shares, offering of shares of listed and public joint-stock companies, after being approved by the Ministry of Finance, the insurer or reinsurer shall issue shares in accordance with the Law on Securities.

5. Within 6 months from the date on which the Ministry of Finance approves the application for an increase in charter capital or allocated capital, the insurer, reinsurer, or foreign branch in Vietnam shall complete the process of increasing capital and submit one set of application to the Ministry of Finance, including:

- a) A summary report on the results of the increase in charter capital (or allocated capital) under the capital change plan approved by the Ministry of Finance;
- b) The bank's certification that either the shareholders (or capital contributors) have fully paid the additional capital to the insurer, reinsurer, or the foreign non-life insurer, foreign reinsurer has provided sufficient additional capital for the foreign branch in Vietnam (in case of capital increase) into a blocked account; or the Vietnam Securities Depository and Clearing Corporation's certification of additional registration of securities if the charter capital is increased through the issuance of bonus shares from the share capital surplus;
- c) Documents specified in point d clause 2 of this Article in case of increasing charter capital by the method of securities public offering, securities offering of listed and public joint-stock companies.

6. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised License to the insurer, reinsurer, or foreign branch in Vietnam according to the Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

7. Within 6 months from the date on which the Ministry of Finance approves the application for an increase in charter capital or allocated capital, if the insurer, reinsurer, or foreign branch in Vietnam fails to perform such a plan, they must report it to the Ministry of Finance for further actions. This provision does not apply to the case where the charter capital is increased to meet the requirement pertaining to owner's equity management as prescribed in clause 3, Article 37 of this Decree.

#### **Article 20. Decrease in charter capital and allocated capital**

1. If an insurer, reinsurer, or foreign branch in Vietnam seeks to decrease their charter capital or allocated capital, they must meet the following requirements:

- a) The insurer, reinsurer, or foreign branch in Vietnam must fully satisfy the financial requirements as prescribed in this Decree;
- b) After the charter capital or allocated capital is decreased, the insurer, reinsurer, or foreign branch in Vietnam still has to follow relevant regulations on capital and solvency margin as prescribed by law and requirements pertaining to shareholder structure are specified in Article 66 of the Law on Insurance Business for joint-stock companies.

2. Application for Ministry of Finance's approval of principle to decrease charter capital (for insurers, reinsurers) or decrease allocated capital (for foreign branches in Vietnam) includes the following:

- a) An application form for change of charter capital or allocated capital, provided in Appendix III to this Decree;
- b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the decrease of charter capital (or allocated capital). This document must specify the decreased amount, method, and time for capital decrease;
- c) A plan for decrease in charter capital or allocated capital, which proves that the insurer, reinsurer, or foreign branch in Vietnam fully meets the requirements as prescribed in Clause 1 of this Article.

3. Within 20 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Within 6 months from the date on which the Ministry of Finance approves the application for a decrease in charter capital or allocated capital, the insurer, reinsurer, or foreign branch in Vietnam shall complete the process of decreasing capital and submit one set of application to the Ministry of Finance, including:

a) A summary report on the results of the decrease in charter capital (or allocated capital) according to the plan approved by the Ministry of Finance, clearly stating the results of financial indicators after completing the process of decreasing the capital;

b) Documentation showing that either the insurer or reinsurer has completed the payment to the shareholders (or capital contributors), or the foreign branch in Vietnam has returned the foreign non-life insurer or foreign reinsurer the decreased capital (in case of capital decrease).

5. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised License to the insurer, reinsurer, or foreign branch in Vietnam according to the Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

6. Within 6 months from the date on which the Ministry of Finance approves the application for a decrease in charter capital or allocated capital, if the insurer, reinsurer, or foreign branch in Vietnam fails to perform such a plan, they must report it to the Ministry of Finance for further actions.

7. A single-member limited liability company is not allowed to decrease their charter capital.

#### **Article 21. Change of operational activities, scope, and duration of operation**

1. Insurers, reinsurers, and foreign branches in Vietnam that seek to expand the operational activities, scope, and duration of operation specified in the License must satisfy the following requirements:

a) Satisfy the applicable solvency requirements;

b) Do not incur administrative penalties against regulations on insurance business within 12 months up to the time of submitting the application for expansion of operational activities and scope of operation;

c) In case of expanding the operational activities to include more types of investment-linked insurance and retirement insurance, apart from the requirements specified at Points a and b of this Clause, the life insurer shall must also meet the following requirements:

If investment-linked insurance is provided: The solvency margin must be higher than 200 billion VND;

If retirement insurance is provided: The solvency margin must be higher than 300 billion VND;

The information technology system must meet requirements for each type of insurance as prescribed in Clause 2, Article 97 of this Decree.

d) In case of expanding the operational activities to include more types of unit-linked insurance products of investment-linked insurance, the insurer must be able to value assets and units of unit-linked funds in an objective and accurate manner at least once a week and publicly announce to the policyholders the buying and selling prices of units; establish an Investment Council, utilize a fund management company and a custodian bank that comply with Articles 100, 112 and 113 of this Decree.

2. Insurers, reinsurers, and foreign branches in Vietnam that wish to curtail the operational activities, scope and duration specified in the License must satisfy the following requirements:

a) They have fully fulfilled their current obligations to the State;

b) The curtailment of operational activities and scope does not cause damage to the interests of the participants and other relevant entities;

c) The transfer of insurance policies has been approved by the Ministry of Finance as prescribed in Article 34 of this Decree.

3. Application for expansion of operational activities, scope, and duration includes:

a) An application form for expansion of operational activities, scope, and duration as specified in Appendix III to this Decree;

b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the expansion of operational activities, scope, and duration;

c) Documents proving that the insurer, reinsurer, or branch satisfies the requirements specified in Clause 1 of this Article, except for the documents specified at Point b, Clause 1 of this Article;

d) In case of expanding the operational activities to include more types of investment-linked insurance, retirement insurance, in addition to the documents specified at Points a, b and c, Clause 3 of this Article, the insurer must provide other documents prescribed in clauses 4, 5 of this Article.

4. In case of expanding the operational activities to include more types of investment-linked insurance, in addition to the documents specified at Points a, b and c, Clause 3 of this Article, the insurer must provide the following documents:

a) Summary of main contents of the investment-linked insurance product to be provided; investment policy of the investment-linked fund; method and basis on which premiums are charged (hereinafter referred to as premium-charging method and basis); brochures; sales materials, insurance claim forms; insurance certificate forms; analysis of the customer's insurance needs and other documents that the customer must declare and sign when purchasing insurance or when revising the insurance policy;

b) Explanation of the facilities and infrastructure to provide investment-linked insurance products, including: Information technology system; the accounting system, which contains a detailed description of the insurer's action plan as to the investment-linked fund in the following cases: The customer makes a claim for insurance benefits upon an insured event; the customer requests to terminate the insurance policy early; the customer withdraws a part of the insurance premium, advances from the cash surrender value, or matures the insurance policy; the customer requests to convert unit-linked funds; unit-linked funds are misvalued, and other cases specified in the rules and terms of the products to be provided;

c) Documents on process of selecting, training, and managing agents that distribute investment-linked insurance products; contents and program of training for insurance agents as to investment-linked insurance products; distribution channels and ways of managing agents to advise, introduce, offer for sale, and arrange the conclusion of investment-linked insurance policies in compliance with the law;

d) If the insurer includes more types of unit-linked insurance products under investment-linked insurance, they shall also provide the following additional documents: The list of unit-linked funds, investment policies that the insurer intends to apply to the assets of each unit-linked fund; basis for allocation of premiums and expenses among unit-linked funds; valuation methodology of fund units; documents proving that the qualifications, capacity and professional experience of members of the Investment Council satisfy the requirements specified in Article 112 of this Decree; documents proving that the fund management company meets the requirements specified in Article 100 of this Decree;

dd) A written commitment enclosed with a detailed explanation that the insurer satisfies the requirements specified at Points c and d, Clause 1 of this Article.

5. In case of expanding the operational activities to include more types of retirement insurance, in addition to the documents specified at Points a, b and c, Clause 3 of this Article, the insurer must provide the following documents:



a) Summary of main contents of the retirement insurance product to be provided, including target market, insurance benefits to be provided; premium-charging method and basis; brochures; sales materials, insurance claim forms; insurance certificate forms; and other documents that the customer must declare and sign when purchasing insurance or when revising the insurance policy;

b) Explanation of the facilities and infrastructure to provide retirement insurance products, including Information technology system; accounting system; the process of selecting, training, and managing product distribution agents; content and program of training for retirement insurance agents;

c) Details of the action plan and documents provided for the insurer's customers for the provision of retirement insurance products in the following cases: The customer makes a claim for insurance benefits upon an insured event; the customer requests to transfer their retirement insurance account to a new enterprise, to mature the insurance policy, and other cases specified in the rules and terms;

d) A written commitment enclosed with a detailed explanation that the insurer satisfies the requirements specified at Point c Clause 1 of this Article.

6. Application for curtailment of operational activities, scope and duration includes:

a) An application form for curtailment of operational activities, scope and duration as specified in Appendix III to this Decree;

b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the curtailment of operational activities, scope, and duration;

c) Documents proving that the enterprise or branch meets the requirements specified in Clause 2 of this Article;

d) Documents on transfer of the portfolios of insurance policies as prescribed in Article 34 of this Decree.

7. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised License according to Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

**Article 22. Transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold.**

1. The purchase and transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold must meet the following requirements:

a) Do not cause damage to the legitimate rights and interests of the policyholders, employees, and the State;

b) Comply with relevant laws;

c) The transferee of shares or contributed capital, once reaching 10% ownership threshold of the insurer or reinsurer, must meet the requirements specified in Clauses 1 and b, Clause 2 of this Article, 64, Articles 65 and 66 of the Law on Insurance Business corresponding to the type of enterprise and Article 11 of this Decree;

d) After transferring shares or contributed capital, the insurer and reinsurers must still satisfy the requirements specified at Point a, Clause 2, Clauses 3 and 4, Article 64 of the Law on Insurance Business, and the requirements on shareholder structure specified in Article 66 of the Law on Insurance Business for joint-stock companies.

2. Application for transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold includes:

- a) An application form provided in Appendix IV to this Decree;
- b) The written approval of the competent authority as prescribed in the company's charter on the transfer of shares or contributed capital;
- c) List of shareholders (or capital contributors), charter capital and charter capital structure of the insurer, reinsurer formed after the transfer of shares or contributed capital; documents proving that both transferee and transferor meet the requirements in clause 1 hereof. This provision does not apply to transfers of shares on the stock exchange for listed companies.
- d) A copy from the master register or certified copy of the agreement in principle (AIP) on the transfer (unless the insurer or reinsurer is listed or traded on a stock exchange);
- dd) An audited financial statement for the previous fiscal year of submission of the application for transfer of shares or contributed capital (for corporate shareholders or capital contributors ); certification of an authorized bank in Vietnam on the balance of Vietnamese dong or freely convertible foreign currency deposited at the bank (for individual shareholders);
- e) The shareholders' written statement agreeing to comply with the requirements set out in Clause 1 of this Article.

3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Within 14 days of completing the transfer of shares or contributed capital according to the approved plan, the insurer or reinsurer must submit one set of documents to the Ministry of Finance, including:

- a) Report on the results of the transfer of contributed capital;
- b) Documents specified at Point c and Point d Clause 1 of this Article in case of transfer of shares on the stock exchange for listed companies;
- c) A written certification of the parties that their relevant obligations and responsibilities in the transfer of shares or contributed capital have been fulfilled;
- d) Bank's confirmation of money transfer;
- dd) Certification of fulfillment of tax obligations related to the transfer (if any).

5. In case the approved capital transfer plan cannot be implemented, the insurer or reinsurer must submit a report to the Ministry of Finance outlining the action plan.

6. Within 14 days of receiving the report of the insurer on the results of the transfer of the contributed capital, the Ministry of Finance shall issue a revised License to the insurer or reinsurer provided in Appendix V issued with this Decree.

**Article 23. Full division, partial division, acquisition, consolidation, or conversion of business entity (hereinafter referred to as conversion)**

1. Full division, partial division, acquisition, consolidation, or conversion of an insurer, reinsurer, or foreign branch in Vietnam must meet the following requirements:

- a) Do not cause damage to the legitimate rights and interests of the policyholders, employees, and the State;
- b) Comply with relevant laws;
- c) Organizations and individuals that plan to contribute capital to the insurer, reinsurer or foreign branch in Vietnam after the full division, partial division, acquisition, consolidation, or conversion must satisfy the requirements specified in Clause 1 and Point b, Clause 2, Article 64, Articles 65, 66, Clause 1, Article 67 of the Law on Insurance Business corresponding to the type of enterprise, branch and Article 11 of this Decree;

d) The insurer, reinsurer, or foreign branch in Vietnam formed after total or partial division, acquisition, consolidation or conversion shall satisfy the requirements specified at Point a, Clause 2, Clauses 3 and 4, Article 64 of the Law on Insurance Business and conditions on shareholder structure specified in Article 66 of the Law on Insurance Business for joint-stock companies, and Clause 2, Article 67 of the Law on Insurance Business for foreign branches in Vietnam.

2. Application for full division, partial division, acquisition, consolidation, or conversion includes:

a) An application form as specified in Appendix VI issued with this Decree;

b) A competent authority's approval as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam) on the full division, partial division, acquisition, consolidation, or conversion;

c) Report on how they carry out their full division, partial division, acquisition, consolidation, or conversion, how they deal with contracts which remain valid with customers, or with debt obligations, obligations to the State, and commitments to employees;

d) List of shareholders (or capital contributors), charter capital and charter capital structure of the insurer, reinsurer formed after the full division, partial division, acquisition, consolidation, or conversion;

dd) A copy from the master register or certified copy of the agreement in principle (AIP) on the consolidation or acquisition (unless the insurer is listed or traded on a stock exchange);

e) Opinions of the valuation authority, clearly stating the determination of the share conversion ratio or the valuation of the contributed capital portion (in the case of consolidation or acquisition); determine the value of property to be divided among the parties (in case of full division or partial division);

g) A copy from the master register or certified copy of the audited financial statement for the three consecutive years preceding the year of application for consolidation or acquisition of the acquired company/consolidating company and the insurer, reinsurer, or foreign branch in Vietnam (the acquiring company/consolidated company);

h) Documents proving that capital contributors and the insurer, reinsurer, or foreign branch in Vietnam to be established after the full division, partial division, acquisition, consolidation, or conversion meet the requirements in the Clause 1 of this Article.

3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Within 14 days from the date of completion of the full division, partial division, acquisition, consolidation, or conversion according to the approved plan, the insurer, reinsurer, or foreign branch in Vietnam must send a completion report to the Ministry of Finance. In case the approved capital transfer plan cannot be implemented, the insurer or reinsurer must submit a report to the Ministry of Finance outlining the action plan.

Within 14 days of receiving the completion report of the insurer, reinsurer, or foreign branch in Vietnam on the full division, partial division, consolidation, acquisition or conversion, the Ministry of Finance shall issue a revise License to the insurer, reinsurer, or foreign branch in Vietnam.

#### **Article 24. Appointment or removal of President of the Board of Directors (President of the Members' Council), General Director (Director), Appointed Actuary.**

1. An insurer, reinsurer, or foreign branch in Vietnam must obtain a prior approval from the Ministry of Finance before appointing or removing the following positions:

a) President of the Board of Directors, President of the Members' Council of the insurer or reinsurer;

b) General Director (Director);

c) Appointed Actuary.

2. President of the Board of Directors (President of the Members' Council), General Director (Director), Appointed Actuary to be appointed must meet the requirements in Article 81 of the Law on Insurance Business, the Appointed Actuary must meet the requirements in Articles 29 and 30 of this Decree.

3. Application for appointment or removal of positions specified in clause 1 hereof includes the following:

a) An application form for appointment or removal specified in Appendix III to this Decree;

b) A competent authority's document as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam);

c) Police (clearance) certificates or equivalent of foreigners as prescribed by foreign law, in accordance with point dd clause 2 Article 15 of this Decree; copies of 9-digit or 12-digit ID cards or people's identity cards or passports; curricula vitae, certified copies of documents proving years of experience of the candidate in their posts of managers or controllers, certified copies of degrees or certificates of their qualifications. In case the documents are in a foreign language, there must be a notarized translation;

d) Written commitment of the person expected to be appointed as the General Director (Director) or Appointed Actuary that he/she will work for the insurer, reinsurer, or foreign branch in Vietnam and reside in Vietnam after being approved by the Ministry of Finance.

4. Within 7 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 25. Opening, terminating, changing location of a branch or representative in Vietnam of an insurer or reinsurer**

1. Within 15 days of receiving the competent authority's approval for opening, terminating, changing location of a branch or representative in Vietnam, the insurer or reinsurer must send a notice to the Ministry of Finance together with the following documents:

a) The competent authority's approval for opening, terminating, changing location of a branch or representative in accordance with the company's charter;

b) A report on responsibilities, arising issues, and action plan upon termination of branch or representative office. The insurer or reinsurer must undertake not to cause damage to current obligations to the State, interests of their policyholders and other related entities;

c) Documentation showing the right to use the location of the branch or representative office in case of opening or changing the location of the branch or representative office.

2. Within 7 working days of receiving the complete and valid application, the Ministry of Finance shall issue a certification of opening, termination or relocation of branch or representative office in Vietnam to the insurer or reinsurer, also send such a notice to the business registry.

### **Section 3. OPERATION**

#### **Article 26. Qualifications required for the Head of Supervisory Board, Supervisors**

1. General qualifications specified in Clause 1, Article 81 of the Law on Insurance Business.

2. He/she obtains at least a bachelor's degree in one of the majors in insurance, economics, finance, banking, business administration, law, accounting, or auditing. Within 1 year from the effective date of this Decree, insurers, reinsurers, and foreign branches in Vietnam must ensure their Head of Supervisory Board and Supervisors meet this requirement.

3. The head of the Supervisory Board must have at least 5 years of experience in the insurance, finance, or banking industry, or have at least 3 years of experience as manager, executive, or

supervisor at enterprises that engage in insurance, finance, or banking industry. The Supervisor must have at least 3 years of experience in the insurance, finance, or banking industry.

4. He/she is not a relative of a member of the Board of Directors, a member of the Members' Council, the Director or General Director, or another manager. The identification of relatives must comply with the Law on Enterprises.

5. He/she is not a manager; is not necessarily a shareholder or employee, unless otherwise provided for in the Charter or Regulation.

#### **Article 27. Qualifications required for the Head of Internal Audit**

1. General qualifications specified in Clause 1, Article 81 of the Law on Insurance Business.

2. He/she obtain at least a bachelor's degree in insurance. If he/she does not obtain at least a bachelor's degree in insurance, he must obtain at least a bachelor's degree in economics, finance, banking, business administration, law, accounting, or auditing, and have an insurance certificate issued by a training institution legally established and operating at home or abroad.

3. He/she obtains at least 3 years of experience in insurance, finance, banking, accounting, or auditing.

4. Clause 2 of this Article comes into force one year after this Decree takes effect.

#### **Article 28. Qualifications required for the Head of Risk Management Department, the Head of Compliance Supervisory Department**

1. General qualifications specified in Clause 1, Article 81 of the Law on Insurance Business.

2. The Head of Risk Management Department shall obtain at least a bachelor's degree in risk management or actuarial services for insurance. If he/she does not obtain at least a bachelor's degree in risk management or actuarial services for insurance, he must obtain at least a bachelor's degree in insurance, economics, finance, banking, business administration, law, accounting, or auditing, and have a certificate in risk management or actuarial services for insurance issued by a training institution legally established and operating at home or abroad.

3. The Head of Compliance Supervisory Department must obtain at least a bachelor's degree in insurance. If he/she does not obtain at least a bachelor's degree in insurance, he must obtain at least a bachelor's degree in economics, finance, banking, business administration, law, accounting, or auditing, and have an insurance certificate issued by a training institution legally established and operating at home or abroad.

4. He/she has at least 3 years of experience in insurance, finance, or banking.

5. Clauses 2, 3, and 4 of this Article come into force one year after this Decree takes effect.

#### **Article 29. Qualifications required for Appointed Actuary of life insurers or health insurers**

1. General qualifications specified in Clause 1, Article 81 of the Law on Insurance Business.

2. He/she has been trained in and has at least 10 years of experience in actuarial services for life insurance, health insurance, has at least 5 years of experience as a Fellow in a widely-accepted international actuary association, such as: The Institute and Faculty of Actuaries (IFoA) of UK, Society of Actuaries of America (SOA), the Institute of Actuaries of Australia, Canadian Institute of Actuaries, or an official member of International Actuarial Association (IAA).

3. He/she does not break the code of ethics for actuarial services in insurance.

4. He/she is an employee at a life insurer or a health insurer.

5. He/she has lived in Vietnam during his/her tenure.

6. Clause 2 of this Article does not apply to the Appointed Actuaries that have been approved by the Ministry of Finance before the effective date of this Decree.

**Article 30. Qualifications required for Appointed Actuary of non-life insurers, reinsurers, foreign branches in Vietnam**

1. General qualifications specified in Clause 1, Article 81 of the Law on Insurance Business.
2. He/she is an Associate in an actuary association which is an official member of International Actuarial Association (IAA); or has at least 5 years of experience in non-life insurance and obtains proof that he/she has passed at least 2 exams of any of the following: The Institute and Faculty of Actuaries (IFoA) of UK, Society of Actuaries of America (SOA), the Institute of Actuaries of Australia, Canadian Institute of Actuaries, or obtains proof that he/she has passed exams in an actuarial training course which is acknowledged by any of above-mentioned associations that they are equivalent to the association's 2 exams.

After 3 years from the effective date of this Decree, the Appointed Actuary of a non-life insurer, reinsurer, or foreign branch in Vietnam must be at least an Associate of an actuary association which is an official member of International Actuarial Association (IAA) and does not break the code of ethics for actuarial services in insurance.

After 5 years from the effective date of this Decree, the Appointed Actuary of a non-life insurer, reinsurer, or foreign branch in Vietnam must be a Fellow, who has been trained in non-life insurance of an actuary association which is an official member of International Actuarial Association (IAA) and does not break the code of ethics for actuarial services in insurance.

3. He/she is an employee at the insurer, reinsurer, or foreign branch in Vietnam.
4. He/she has lived in Vietnam during his/her tenure.
5. Clauses 3 and 4 of this Article come into force one year after this Decree takes effect.

**Article 31. Termination or suspension of rights and obligations of the President of the Board of Directors, President of the Members' Council, Director or General Director, Appointed Actuary**

1. If the President of the Board of Directors, President of the Members' Council, Director or General Director, Appointed Actuary of an insurer, reinsurer or foreign branch in Vietnam violates the incumbent or office-holding principles specified in Article 82 of the Law on Insurance Business, or no longer meets the qualifications specified in Article 81 of the Law on Insurance Business, the Ministry of Finance shall work with the insurer, reinsurer, or foreign branch in Vietnam on this, with a written record.
2. If the insurer, reinsurer, or foreign branch in Vietnam takes remedial action to ensure compliance with Articles 81 and 82 of the Law on Insurance Business, with a written record:
  - a) Within 7 working days, the Ministry of Finance shall consider issuing a decision to suspend the rights and obligations of the President of the Board of Directors, the President of the Members' Council, the Director or General Director, Appointed Actuary for 30 days;
  - b) After the suspension period ends, if the insurer, reinsurer or foreign branch in Vietnam fails to take remedial action to ensure compliance with Articles 81 and 82 of the Law on Insurance Business, within 7 working days, the Ministry of Finance shall consider issuing a decision to terminate the rights and obligations of the President of the Board of Directors, the President of the Members' Council, the Director or the General Director. Director, Appointed Actuary.
3. If the insurer, reinsurer or foreign branch in Vietnam fails to send a report on remedial action to ensure compliance with Articles 81 and 82 of the Law on Insurance Business, enclosed with a written record, within 7 working days, the Ministry of Finance shall consider issuing a decision to terminate the rights and obligations of the President of the Board of Directors, the President of the Members' Council, the Director or the General Director. Director, Appointed Actuary.

**Section 4. PROFESSIONAL OPERATIONS**

**Article 32. Procedures for registration of premium-charging method and basis**

1. Insurers and branches of foreign non-life insurers must register and obtain approval from the Ministry of Finance the premium-charging method and basis of insurance products of life insurance, health insurance, and motor vehicle insurance, except for civil liability insurance of motor vehicle owners before provision.
2. Insurers and branches of foreign non-life insurers must submit to the Ministry of Finance one set of application for registration of premium-charging method and basis, including the following documents:
  - a) An application form for registration of premium-charging method and basis, provided in Appendix VII to this Decree;
  - b) Summary of insurance benefits and waiver of insurance products to be provided;
  - c) Explanatory documents on premium-charging method and basis, at least including details about premium-charging method and basis, and formula; fees charged to customers for insurance products in the investment-linked insurance and retirement insurance business. Explanatory document on the premium-charging method and basis, using the form guided by the Minister of Finance.
3. Within 30 days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval of the premium-charging method and basis to the insurer or the branch of foreign non-life insurer. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.
4. If the premium-charging method and basis of an insurance product changes, or the rules, conditions, and terms of an insurance product change in a way that affects the premium-charging method and basis, the insurer or branch of foreign non-life insurer shall submit to the Ministry of Finance one application for amendments to the premium-charging method and basis, including the following documents:
  - a) An application form for amendments to the premium-charging method and basis, provided in Appendix VII to this Decree;
  - b) Documents that explain the amendments certified by the Appointed Actuary.
5. Within 30 days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval of the premium-charging method and basis to the insurer or the branch of foreign non-life insurer. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.
6. Within 2 years from the effective date of this Decree:
  - a) Life insurers may continue to provide life insurance products and health insurance products that have been approved by the Ministry of Finance before the effective date of this Decree.
  - b) Non-life insurers, branches of foreign non-life insurers may continue to use the fee schedules for the following products: health insurance products with an insurance period of one year or less, and a death risk insurance product with an insurance period of one year or less that has been approved by the Ministry of Finance before the effective date of this Decree, health insurance products provided before October 1, 2012, motor vehicle insurance products approved by the Ministry of Finance for registration before the effective date of this Decree.
  - c) Insurers, branches of foreign non-life insurers must review and re-register the premium-charging method and basis of life insurance, health insurance, motor vehicle insurance products in compliance with regulations of the Ministry of Finance. If the premium-charging method and basis of a life insurance, health insurance or motor vehicle insurance product which has been approved by the Ministry of Finance meet the prescribed requirement before the effective date of this Decree, the insurer or branch of foreign non-life insurer is not required to re-register another premium-charging method and basis.

**Article 33. Eligibility requirements for foreign insurers, foreign reinsurers, foreign reinsurance organizations**

1. Foreign insurers, foreign reinsurers, and foreign reinsurance organizations that have legally operated and fully met the solvency requirements as prescribed by law of their home countries.
2. Leading foreign reinsurers/organizations, and foreign reinsurers/organizations that receive at least 10% of reinsurance ceded of each reinsurance policy must be rated at least “BBB” by Standard & Poor's or Fitch, “Baal” by Moody's or equivalent grade by another competent and experienced rating body in the fiscal year prior to the time of conclusion of the reinsurance policy.
3. If an insurer, reinsurer, or foreign branch in Vietnam cedes their insurance policies to their foreign parent company or a company in their group (reinsurance company) but the reinsurance company does not have a credit rating as prescribed above, the insurer, reinsurer, or foreign branch shall submit to the Ministry of Finance a certification, made by the insurance authority of the home country of the reinsurance company, stating that the reinsurance company meets solvency requirements in the fiscal year preceding the year of reinsurance.

## **Section 5. TRANSFER OF PORTFOLIOS OF INSURANCE POLICIES**

### **Article 34. Procedures and documentation for transfer of portfolios of insurance policies**

1. Insurers and branches of foreign non-life insurers that transfer the entire portfolios of insurance policies of one or several types of insurance (hereinafter referred to as transferring enterprises) must submit to the Ministry of Finance one set of documentation as follows:

- a) An application form for transfer specified in Appendix VIII to this Decree;
- b) A transfer plan, at least containing: Name and address of the insurer, branch of foreign non-life insurer that receives the transfer (hereinafter referred to as the receiving enterprise); type of insurance and number of insurance policies to be transferred; the method of transferring the technical reserves and insurance liabilities related to the transferred policies; estimated time of the transfer; detailed explanation of the receiving enterprise on how it meets financial requirements after the transfer.
- c) A transfer contract, at least containing: Subject matter of transfer; rights and obligations of the parties to the transfer; estimated time of the transfer; settlement of disputes.
- d) Commitments of the receiving enterprise to safeguard the interests of the insurance policyholders under the transferred insurance policy once the transfer is complete.
- dd) Documents proving the fulfillment of requirements specified in Clause 1, Article 92 of the Law on Insurance Business.

2. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

3. Within 30 days from the date the Ministry of Finance approves the transfer of the portfolios of insurance policies, the transferring enterprise must announce the transfer as follows:

- a) Publish on the enterprise's website about the transfer as follows: Name and address of the transferring enterprise and receiving enterprise; type of insurance and number of insurance policies to be transferred; estimated time of the transfer; contact information to deal with claims and questions from insurance policyholders related to the transfer.
- b) Send a notice together with a summary of the transfer plan to each insurance policyholder. The notice sent to the insurance policyholder must clearly state that within 15 days from the date of receipt of the notice, the insurance policyholder is allowed to terminate the insurance policy if he/she does not agree with the transfer plan and the effective date of the transfer plan.
- c) Send an agreement to the insurance policyholder and the insured of any reduction in the sum insured or insurance benefits, and other obligations under the insurance policy if the portfolios of insurance policies are transferred as required by the Ministry of Finance as prescribed in Clause 1, Article 91 of the Law on Insurance Business, but the asset value is lower than the technical reserve of the transferred insurance policies.



4. After signing the contract for transferring the portfolios of insurance policies, the transferring enterprise may not issue any new insurance policies related to the transferred type of insurance.

5. Within 60 days from the date the Ministry of Finance approves the transfer plan, the transferring enterprise shall transfer to the receiving enterprise:

- a) All valid insurance policies under the transfer plan approved by the Ministry of Finance;
- b) Unsettled insurance claims related to the transferred type of insurance;
- c) All assets, funds, and technical reserves related to transferred insurance policies.

6. The receiving enterprise is responsible for coordinating with the transferring enterprise in formulating the transfer plan, determining the value of assets related to the funds and technical reserves of the transferred insurance policies and agree on the effective date of the transfer plan.

7. From the date of receipt of the transfer, the receiving enterprise is responsible for performing the obligations of the transferred insurance policies in accordance with the terms and conditions signed between the transferring enterprise and the insurance policyholders, including Incurred-but-Not-Reported (IBNR) claims. The receiving enterprise has the right to receive assets related to the funds and technical reserves of the transferred insurance policies and use such property to perform obligations under the transferred insurance policies.

## **Section 6. FINANCE, ACCOUNTING AND FINANCIAL REPORTS**

### **Article 35. Minimum charter capital**

1. Minimum charter capital of life insurers:

- a) Life insurance business (except unit-linked insurance, retirement insurance) and health insurance: VND 750 billion; b) Insurance business as prescribed at Point a of this Clause and unit-linked insurance or retirement insurance: VND 1,000 billion;
- c) Insurance business as prescribed at Point a of this Clause, unit-linked insurance, or retirement insurance: VND 1,300 billion.

2. Minimum charter capital of non-life insurers:

- a) Non-life insurance business (except aviation insurance, satellite insurance) and health insurance: VND 400 billion;
- b) Insurance business as prescribed at Point a of this Clause and aviation insurance and satellite insurance: VND 450 billion;
- c) Insurance business as prescribed at Point a of this Clause, aviation insurance and satellite insurance: VND 500 billion.

3. Minimum charter capital of health insurers: VND 400 billion.

4. Minimum charter capital of reinsurers:

- a) Reinsurance business, non-life reinsurance, or both non-life reinsurance and health reinsurance: VND 500 billion;
- b) Reinsurance business, life reinsurance, or both life reinsurance and health reinsurance: VND 900 billion;
- c) Reinsurance business, all life reinsurance, non-life insurance, and health reinsurance: VND 1,400 billion.

5. If insurers and reinsurers which are established, organized, and operating before the effective date of this Decree have a charter capital lower than the minimum charter capital specified in this Article, they must, before January 1, 2028, top up their charter capital to the required minimum level and put down a deposit as prescribed.

### **Article 36. Minimum allocated capital**

1. Minimum allocated capital of branches of foreign non-life insurers:

- a) Non-life insurance business (except for the cases specified at Points b and c of this Clause) and health insurance: VND 250 billion;
- b) Insurance business as prescribed at Point a of this Clause and aviation insurance and satellite insurance: VND 300 billion;
- c) Insurance business as prescribed at Point a of this Clause, aviation insurance and satellite insurance: VND 400 billion.

2. Minimum allocated capital of branches of foreign reinsurers:

- a) Reinsurance business, non-life reinsurance, or both non-life reinsurance and health reinsurance: VND 400 billion;
- b) Reinsurance business, life reinsurance, or both life reinsurance and health reinsurance: VND 450 billion;
- c) Reinsurance business, all life reinsurance, non-life insurance, and health reinsurance: VND 700 billion.

3. If branches of foreign non-life insurers which are established, organized, and operating before the effective date of this Decree have a charter capital lower than the minimum allocated capital specified in this Article, they must, before January 1, 2028, top up their capital to the required minimum level and put down a deposit as prescribed.

#### **Article 37. Management of owner's equity**

1. During the course of operation, insurers and reinsurers must maintain their equity sources greater than the given minimum solvency margin and meet the following regulations:

- a) As for insurers and reinsurers licensed before January 1, 2023: Before January 1, 2028, the charter capital and owner's equity must not fall below the prescribed legal capital specified in Article 10 of Decree No. 73/2016/ND-CP; from January 1, 2028, the charter capital and owner's equity must not fall below the minimum charter capital as prescribed in Article 35 of this Decree;
- b) As for insurers and reinsurers that have been licensed since January 1, 2023, the charter capital and owner's equity must not fall below the minimum charter capital as prescribed in Article 35 of this Decree.

2. During the operation process, the foreign branch in Vietnam must maintain their equity sources greater than the given minimum solvency margin and meet the following regulations:

- a) As for foreign branches in Vietnam licensed before January 1, 2023: Before January 1, 2028, the charter capital and owner's equity must not fall below the prescribed legal capital specified in Article 10 of Decree No. 73/2016/ND-CP; from January 1, 2028, the charter capital and owner's equity must not fall below the minimum charter capital as prescribed in Article 36 of this Decree;
- b) As for foreign branches in Vietnam that have been licensed since January 1, 2023, the allocated capital and equity must not fall below the minimum allocated capital as prescribed in Article 36 of this Decree.

3. Quarterly, based on financial statements, insurers, reinsurers, and foreign branches in Vietnam must re-evaluate their equity sources. In case their equity source does not satisfy the requirements in Clauses 1 and 2 of this Article, the insurers, reinsurers, or foreign branches in Vietnam must top up their capital to the required level in accordance with Clauses 2, 3, 4, 5 and 6, Article 19 of this Decree within 6 months from the end of the quarter.

#### **Article 38. Technical reserve for non-life insurance**

1. Non-life insurers, non-life reinsurers, and foreign branches in Vietnam must set aside technical reserve for each insurance type or insurance policy corresponding to the liability portion committed as agreed in the insurance policy and must be certified by their Appointed Actuary.

2. Technical reserve includes:

- a) Unearned premium reserve: Used to pay out the claims that will arise during the validity of the insurance policy in the following year;
- b) Claim reserve: Used to satisfy those claims that have not been reported or have been reported to the company but not yet resolved or paid at the end of the fiscal year;
- c) Loss reserve: Used to pay out claims when a loss fluctuation or a major loss occurs that the total insurance premium in the fiscal year, less the unearned premium reserve and the claim reserve, is not enough to cover the part of the liability of the insurer or foreign branch in Vietnam.

3. Non-life insurers, foreign branches in Vietnam, non-life reinsurers may either choose methods of setting aside reserves under the guidance in Article 39 of this Decree, or choose other methods as long as they could prove that those methods are more accurate and complete, and obtain a prior approval from the Ministry of Finance as prescribed in Article 45 of this Decree.

#### **Article 39. Method and basis of setting aside non-life insurance reserves**

1. Unearned premium reserve will be set aside based on:

- a) ratio of reserve to total premium; or
- b) the coefficient of the insurance policy term.

2. Claim reserve will be set aside based on:

- a) statistics on claims; or
- b) claims ratio.

3. Loss reserve.

#### **Article 40. Technical reserve for life insurance**

1. Life insurers, life reinsurers, and foreign life insurance branches in Vietnam must set aside technical reserve for each insurance policy corresponding to the liability portion committed as agreed in the insurance policy and must be certified by their Appointed Actuary.

2. Technical reserve includes:

- a) Mathematical reserve: Used to pay out claims for the liabilities as committed upon occurrence of insured events.
- b) Unearned premium reserve: Used to pay out claims that will arise during the validity of the insurance policy in the following year;
- c) Claim reserve: Used to satisfy those claims that have not been reported, or have been reported to the company but not yet resolved or paid at the end of the fiscal year;
- d) Profit distribution reserve: Used to pay the profit that the insurer has agreed with the insurance policyholder in the insurance policy;
- dd) Reserve to secure committed interest rates: Used to secure the committed interest rates that the insurer/reinsurer/branch pays customers as agreed in the universal life insurance and retirement insurance policies;
- e) Equalization reserve: Used to pay out claims when the insured event occurs due to large fluctuations in the risk ratio and technical interest rate.

3. Life insurers, life reinsurers, life insurance foreign branches in Vietnam may either choose methods of setting aside reserves under the guidance in Article 41 of this Decree, or choose other methods as long as they could prove that those methods are more accurate and complete, and obtain a prior approval from the Ministry of Finance as prescribed in Article 45 of this Decree.

4. Life insurers, life reinsurers, and branches of foreign life reinsurers must regularly their methods and basis of setting aside reserves and maintain sufficient reserves to meet the insurance liabilities that they have underwritten.

In case of changing the method of setting up technical reserves, life insurers, life reinsurers, branches of foreign life reinsurers shall seek an approval prescribed in Article 45 of this Decree.

In case of changing the basis of setting up technical reserves (except for the case of reducing the technical interest rate to meet the guidance of the Ministry of Finance), the life insurer, life reinsurer, or branch of foreign life reinsurer shall obtain a prior approval from Ministry of Finance, together with documents proving the basis for setting up technical reserves in accordance with Article 45 of this Decree.

#### **Article 41. Method and basis for setting aside life insurance reserves**

1. Mathematical reserve for term life insurance, pure endowment insurance, endowment insurance, whole life insurance, and annuities:

a) Life insurers, life reinsurers, branches of foreign life reinsurers may actively choose the method of setting aside mathematical reserve for insurance policies with a term of more than 1 year to meet their future insurance liabilities such as: Gross premium valuation reserve, net premium valuation reserve, Zillmer adjustment, or other methods in conformity with international practice;

b) Basis for setting aside reserves of the methods at Point a, Clause 1 of this Article, includes: Mortality Table CSO1980, technical interest rates based on average interest rates of Government bonds for the period of at least 10 years, and other technical bases corresponding to each insurance product.

2. Mathematical reserve for universal life insurance products, unit-linked insurance, retirement insurance, and mathematical reserve includes:

a) Insurance loss reserve: The higher of the two reserves, as calculated by the unearned premium method or the cash flow method, to meet the liability from future claims it will have to pay out on during the term of the policy;

b) Technical reserve for the universal life insurance is calculated based on: Either the cash surrender value of universal life insurance policies plus a reserve for paying out expected claims in a period upon the occurrence of insured events, or total value of the universal life insurance policies.

The insurer is responsible for evaluating and selecting the method of setting aside a technical reserve for the universal life insurance to meet the liabilities committed under the insurance policy;

c) Technical reserve for the unit-linked insurance, including:

Total number of units of the policyholder on the date of valuation multiplied with the buying price of the units;

Total insurance premium received from the policyholder on the date of valuation, less charges imposed on the policyholder, this remaining amount is used to buy unrealized units;

d) Technical reserve for retirement insurance is total value of the retirement insurance account on the date of setting aside the reserve;

dd) Reserve for other insurance benefits, except insurance risk benefits and investment benefits.

3. Unearned premium reserve: To be calculated based on the gross premium valuation in a method specified in clause 1 Article 39 of this Decree as for insurance policies with the term of 1 year or less.

4. Claim reserve will be set aside based on:

a) Statistics on claims;

b) claims ratio.

5. Profit distribution reserve includes:

a) Reserve for disclosed profits is the sum of cash amounts or the present value of disclosed accumulated dividends distributed to among policyholders until the current fiscal year and unpaid;

b) Reserve for undisclosed profits:

Reserve for undisclosed profits is set aside to pay profits to be distributed to policyholders in the future. This reserve is equal to assets of the policyholder fund less the fund's debts, supporting fund of the owners, and profits that have been distributed in the current year.

6. Reserve to secure committed interest rates: In case the investment market fluctuates or the expected investment returns from insurance premiums are lower than the committed interest rates, the insurer shall set aside a reserve to secure committed interest rates. The reserve amount is equal to the difference between the expected investment return from the insurance premium and the committed interest rates of the insurer to the customer as agreed in the insurance policy.

7. The equalization reserve is set aside based on the percentage of profit before tax of the life insurer, life reinsurer, or branch of foreign life reinsurer.

#### **Article 42. Technical reserve for health insurance**

1. Insurers, reinsurers and foreign branches in Vietnam must set aside a technical reserve for each health insurance policy corresponding to their liability and must be confirmed by an Appointed Actuary.

2. Technical reserve includes:

a) Mathematical reserve: Used to pay out claims for the liabilities as committed upon occurrence of an insured event;

b) Unearned premium reserve: Used to pay out claims that will arise during the validity of the insurance policy in the following year;

c) Claim reserve: Used to satisfy those claims that have not been reported, or have been reported to the company but not yet resolved or paid at the end of the fiscal year;

d) Equalization reserve: Used to pay out claims when the insured event occurs due to large fluctuations in the risk ratio and technical interest rate.

3. Insurers, reinsurers, foreign branches in Vietnam may either choose methods and basis of setting aside reserves under the guidance in Article 43 of this Decree, or choose other methods and basis as long as they could prove that those methods are more accurate and complete, and obtain a prior approval from the Ministry of Finance as prescribed in Article 45 of this Decree.

#### **Article 43. Method and basis for setting aside health insurance reserves**

1. Mathematical reserve:

Mathematical reserve is used to insurance policies with a term of more than 1 year to meet their future insurance liabilities upon occurrence of insured events. Insurers, reinsurers, and foreign branches in Vietnam are entitled to choose the appropriate method of setting aside reserves such as: Gross premium valuation reserve, net premium valuation reserve, or other methods in conformity with international practice.

2. Unearned premium reserve: To be calculated based on the methods specified in clause 1 Article 39 of this Decree as for insurance policies with the term of 1 year or less.

3. Claim reserve will be set aside based on:

a) Statistics on claims;

b) claims ratio.

#### 4. Equalization reserve:

- a) The equalization reserve is set aside based on the percentage of profit before tax of the life insurer, life reinsurer, or branch of foreign life reinsurer;
- b) The annual reserve is set aside based on the percentage of withheld premium of the non-life insurer, reinsurer, or branch of foreign life reinsurer.

#### **Article 44. Responsibilities of the Ministry of Finance**

The Minister of Finance shall guide, illustrate methods, formulas, and bases for setting up technical reserves for non-life insurance, life insurance and health insurance according to this Decree.

#### **Article 45. Application and procedures for registration of the method of setting aside technical reserves**

1. Insurers, reinsurers, and foreign branches in Vietnam must not change their method of setting aside technical reserves in a fiscal year. Insurers, reinsurers, and foreign branches in Vietnam must seek an approval before changing their method of setting aside technical reserves in the following fiscal year.
2. Application for registration or change of the method and basis of setting aside technical reserves includes:
  - a) Application form for registration or change of the method and basis of setting aside technical reserves specified in Appendix IX issued herewith;
  - b) Documents explaining and illustrating the expected methods and basis for setting aside technical reserves, certified by Appointed Actuaries. In case of changing the method or basis of setting aside technical reserves, the explanatory documents must prove that the new method or basis more accurately and comprehensively reflect the responsibilities of the insurer, reinsurer, or foreign branch in Vietnam than the old one.
3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.
4. Insurers, reinsurers, and foreign branches in Vietnam whose methods or basis of setting aside technical reserves are not consistent with this Decree shall re-register them with the Ministry of Finance within 6 months from the date of signing this Decree, applicable to the fiscal year from January 1, 2023. This provision does not apply to the provision for universal life insurance.
5. Within 1 year from the effective date of this Decree, the life insurer must review and register with the Ministry of Finance the method of setting aside technical reserves for universal life insurance as prescribed in this Decree.
6. Regarding health insurance policies with a term of more than 1 year that have come into force before the effective date of this Decree, the non-life insurers may continue to set aside mathematical reserve according to the net premium valuation approved by the Ministry of Finance.

#### **Article 46. Investment from owner's equity**

1. The investment from owner's equity is equal to the capital specified in Clauses 1 and 2, Article 37 of this Decree or the minimum solvency margin, whichever is greater, shall be made in Vietnam according to regulations on investment of idle capital from technical reserve of insurance.
2. The outward investment from owner's equity must comply with Articles 47 and 48 of this Decree.

#### **Article 47. Conditions for outward investment**

1. Being eligible for outward investment according to the investment law and the law on foreign exchange management.
2. Insurers or reinsurers that submits an application for outward investment must satisfy the following requirements:
  - a) They have gained profits for 3 consecutive years prior to the year of outward investment as shown in the financial statements which have been independently audited by an independent audit organization with an unqualified opinion;
  - b) The owner's equity, when making the latest financial statement, meets the requirements in Article 37 of this Decree;
  - c) They satisfy the applicable requirements pertaining to solvency margin at the time of submitting the latest report;
  - d) They must not have been penalized for administrative violations in the insurance business field with a total amount of at least VND 400 million within 12 months of submitting the application.
3. They have fully fulfilled their current obligations to the State.
4. They have an internal process, internal control and audit, identification and management of risks related to outward investment activities.
5. In addition to Clauses 1, 2, 3 and 4 of this Article, outward portfolio investments by insurers and reinsurers shall comply with the Government's regulations on outward portfolio investment.

**Article 48. Limits, documentation of, and procedures for outward investment**

1. Insurers and reinsurers are permitted to make outward investment any equity that they have above the minimum capital requirement specified in Clause 1, Article 46 of this Decree.
2. The outward investment from the equity portion as prescribed in Clause 1 of this Article may only be done in the following forms and investment limits:
  - a) Establishing or contributing capital for the establishment; contributing capital, buying shares, purchasing stakes of insurers, reinsurers in foreign countries; establishing branches or representative offices, and other forms of commercial presence of insurers and reinsurers abroad: No restriction;
  - b) Limits of outward portfolio investments:

Purchase of government bonds, treasury bills, promissory notes: No restriction;

Bonds, treasury bills, promissory notes issued by issuers rated by international credit rating agencies: Standard & Poor's, Moody's Investors Service and Fitch Ratings: Up to 50% of outward investment amount;

Purchase of listed shares, listed fund certificates: Up to 15% of outward investment amount;
3. An application for performance, adjustment, or termination of outward investment as prescribed at Point a, Clause 2 of this Article includes the following:
  - a) An application form specified in Appendix X to this Decree;
  - b) A competent authority's approval, according to the company's charter, for the insurer, reinsurer to perform, adjust, or terminate the outward investment;
  - c) Explanatory documents on performance, adjustment, or termination of outward investment:

Regarding performance of outward investment, the documents must specify: Country of investment, investment objectives, investment form, investment capital source, investment capital scale, investment progress, expected investment returns; contract or agreement with the partner (if any).

Regarding adjustment of investment capital source and investment form, the documents must specify the situation and results of investment, difficulties, and advantages (if any) and the plan for adjustment.

Regarding termination of outward investment, the documents must specify the reason for termination, investment performance results, capital recovery potentials, and the expected length of time to terminate investment activities;

d) Internal process on outward investment, including matters regarding internal audit, risk recognition and management related to outward investment, in case of application for performance or adjustment of outward investment;

dd) In case of establishment of a branch, representative office, or other form of commercial presence in a foreign country, the insurer or reinsurer must submit a draft Regulation on organization and operation of the branch, representative office, or other form of commercial presence in the foreign country as prescribed by law;

e) Documentation proving that the insurer or reinsurer meets the requirements at Points a, b and c, Clause 2, Article 47 of this Decree, as for application for performance of outward investment;

g) The tax authority's document certifying that the tax obligations have been fulfilled to the State of Vietnam up to submission of application for performance or adjustment.

4. Procedures for performance, adjustment, or termination of outward investment as prescribed at Point a, Clause 2 of this Article:

a) Except as provided in clause 5 hereof, the insurer or reinsurer shall submit an application for performance, adjustment, or termination of outward investment as specified in clause 3 hereof to the Ministry of Finance, in person or by post or through the online public service system;

b) Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue an approval or reject the application. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

c) Once the performance, adjustment, or termination of outward investment is completed, the insurer or reinsurer shall send such notice to the Ministry of Finance.

5. In case of change of location or name of a branch, representative office, or other form of commercial presence in the foreign country, the insurer or reinsurer must notify the Ministry of Finance in writing within 15 days from the date of change.

6. Documentation and procedures for outward investment as prescribed at Point b, Clause 2 of this Article shall comply with regulations on outward portfolio investment.

#### **Article 49. Revenue of insurers, reinsurers, and foreign branches in Vietnam**

1. Revenue of an insurer, reinsurer or foreign branch in Vietnam is the receivable amount in a period, including:

a) Revenue from insurance and reinsurance business is the receivable amount in a period after deducting payables to reduce revenues arising in the period;

b) Revenue from providing insurance auxiliary services;

c) Revenue from financial activities;

d) Other operating income.

2. Receivable amounts in the period specified at Point a, Clause 1 of this Article includes:

a) Original insurance premium;

b) Reinsurance premium;

c) Ceding commission;



d) Fees for brokering assessment, brokering compensation examination, claiming compensation from a third person, and handling of goods for which 100% indemnity has been paid;

dd) Fees for assessing damage, excluding assessment among subsidiaries that keep internal accounting in the same independent accounting insurer;

e) Leading fee of the leading insurer or branch of foreign non-life insurer in the case of coinsurance.

3. Expenses recorded as decreases in revenue in the period specified at Point a, Clause 1 of this Article includes:

a) Insurance premium refund;

b) Insurance premium reduction;

c) Reinsurance ceding fee;

d) Reinsurance fee refund;

dd) Reinsurance premium reduction;

e) Ceding commission refund;

g) Ceding commission reduction.

4. Revenue from providing insurance auxiliary services: Revenue from providing insurance auxiliary services as prescribed in Section 3, Chapter IV of the Law on Insurance Business.

5. Revenue from financial activities:

a) Revenue from investment activities as prescribed in this Decree;

b) Interest on the deposit amount;

c) Property rental;

d) Other revenues as prescribed by law.

6. Other operating income:

a) Revenues from sale and liquidation of fixed assets;

b) Bad debts which have been written off and are now recovered;

c) Other revenues as prescribed by law.

7. The Minister of Finance promulgates regulations on the time of recognizing insurance revenue for each type of insurance.

#### **Article 50. Expenditures of insurers, reinsurers, and foreign branches in Vietnam**

1. Expenditures of an insurer, reinsurer or foreign branch in Vietnam is the payable amount in a period, including:

a) Expenditures on insurance and reinsurance business:

b) Expenditures on provision of insurance auxiliary services;

c) Expenditures on financial activities;

d) Other operating expenses.

2. Expenditures on insurance and reinsurance business: is the payable amount in a period after deducting revenues recorded as decreases in expenses arising in the period;

3. Payable amount in the period specified at Clause 2 of this Article includes:

a) Indemnities of original non-life insurance; payout of life insurance, health insurance;

b) Indemnities of reinsurance;

c) Technical reserves;

d) Insurance agent commission, bonuses, financial assistance for insurance agents and other benefits in the insurance agent contract up to the amount laid down by the Minister of Finance.

From the date of signing of this Decree, these expenses must be incurred from insurance agent activities and clearly stated in the insurance agent contract, with specific quantitative criteria associated with the results and achievements of utilization and maintenance of life insurance and health insurance policies for more than 1 year, efficiency of insurance agent activities. Bonuses, financial assistance for insurance agents and other benefits must be clearly stated in the policy on bonuses, financial assistance for insurance agents, financial regulations of insurers, branches of foreign non-life insurers;

dd) Expenditures on insurance brokers include Insurance brokerage commissions and other expenses as prescribed;

e) Expenditures on damage assessment;

g) Expenditures on agent services, including damage assessment, compensation examination, claiming compensation from a third person;

h) Expenditures on handling of goods for which 100% indemnity has been paid;

i) Leading fee of the leading insurer or branch of foreign non-life insurer in the case of coinsurance (with a written agreement);

k) Expenditures on management of insurance agents, including Expenditures on initial training and certification exams for agents, expenditures on knowledge improvement training for agents, and expenditures on recruiting insurance agents;

l) Expenditure for preventing risks and limiting losses up to 2% of the premium collected in the fiscal year. This expenditure is used for taking measures to prevent and limit losses as prescribed in Clause 3, Article 122 of the Law on Insurance Business;

m) Expenditures on risk assessment of subject matters of insurance;

n) Expenditures on the use of insurance auxiliary services, including Consulting, insurance underwriting, actuarial services for insurance, insurance loss assessment, and support for claim settlement;

o) Other expenditures and deductions as prescribed by law.

4. Revenues recorded decreases in expenses in the period specified in Clause 2 of this Article includes:

a) Payout from reinsurance;

b) Compensation from the third person; reimbursement from the policyholder as for guaranteed insurance;

c) Proceeds from the goods for which 100% indemnity has been paid;

d) Technical reserves for the non-life reinsurance ceded.

5. Expenditures on provision of insurance auxiliary services are amounts payable in a period to provide auxiliary insurance services.

6. Expenditures on financial activities:

a) Investment operating costs as prescribed in this Decree;

b) Investment income payable to the insurance policyholder as committed in the life insurance policy;

c) Property rental costs;

d) Expenditures on bank fees and loan interest payments;

dd) Other expenditures and deductions as prescribed by law.

7. Other operating expenses:

a) Expenditures on sale and liquidation of fixed assets;

b) Expenditures on the recovery of bad debts which have been written off and are now recovered;

c) Other expenditures and deductions as prescribed by law.

8. Expenditures must be paid in accordance with regulations of law, with sufficient invoices or proof.

#### **Article 51. Application and procedures for registration of the principles of separation of equity and premiums**

1. Insurers, reinsurers, and foreign branches in Vietnam must register with the Ministry of Finance the principles of separation and allocation of assets, capital sources, revenue and expenses related to both equity fund and policyholder fund prior to application.

2. Application for registration and change includes the following documents:

a) An application form for registration or change specified in Appendix XI to this Decree;

b) Explanatory documents on expected principles of separation and allocation, certified by the Appointed Actuary of the insurer, reinsurer, or branch. In case of change, the application also includes a document explaining the change.

3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written certification. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Insurers, reinsurers, and foreign branches in Vietnam whose principles of separation of equity and premiums are not consistent with this Decree shall re-register them with the Ministry of Finance within 6 months from the date of signing this Decree, applicable to the fiscal year from January 1, 2023.

#### **Article 52. Profits, profit distribution**

1. Profits of an insurer, reinsurer or foreign branch in Vietnam is the difference between the total revenue and the total cost of the insurer, reinsurer, or foreign branch in Vietnam. Profits realized in a year of the insurer, reinsurer, or foreign branch in Vietnam include profits from insurance business activities, profits from financial activities and other activities.

2. Once the insurer, reinsurer, or branch has fully met requirements pertaining to capital, solvency, technical reserves, corporate income tax payment, cash reserve fund, cover of losses of the previous years which are no longer deductible against profits before corporate income tax, they may distribute the remaining profits as prescribed.

#### **Article 53. Application for approval or change of the surplus distribution method in life insurance**

1. Life insurers must obtain approval from the Ministry of Finance of the method of surplus distribution of the profit-sharing insurance policyholder fund before applying it. The application for approval or change of surplus distribution method includes the following documents:

a) An application form for registration or change of surplus distribution method specified in Appendix XII to this Decree;

b) Explanatory documents on the surplus distribution method to be applied with confirmation of the Appointed Actuary.

2. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 54. Cash reserve fund**

Insurers, reinsurers, insurance brokers and foreign branches in Vietnam must deduct 5% of their annual profit after tax to establish a cash reserve fund. The maximum level of the required cash reserve fund is 10% of the charter capital of the insurer/reinsurer, the allocated capital of the branch.

#### **Section 7. DISSOLUTION OF INSURERS, REINSURERS, CEASED OPERATION OF FOREIGN BRANCHES IN VIETNAM**

##### **Article 55. Requirements, application, and procedures for dissolution of insurers, reinsurers, ceased operation of foreign branches in Vietnam**

1. Insurers and reinsurers may only be dissolved; foreign branches in Vietnam may only cease their operation when they have paid all debts and other property obligations and have not been during the dispute settlement process at Court or Arbitration. The relevant manager and the insurer, reinsurer, and foreign branch in Vietnam are also jointly liable for the debts of the insurer, reinsurer, and foreign branch in Vietnam.

2. The payment of debts of insurers, reinsurers, and foreign branches in Vietnam shall be made in the following order of priority:

a) Unpaid salaries, severance allowances, social insurance premiums, health insurance premiums, unemployment insurance premiums as per the law, and other benefits of employees under collective bargaining agreements and signed employment contracts;

b) Insurance indemnities or claim settlement under which the insurer or reinsurer has accepted payment of cash surrender value, account balance of insurance policy or insurance premium refunds;

c) Owes in taxes;

d) Other debts.

3. When all the debts specified in clause 2 hereof have been fully paid, the insurer or reinsurer shall send an application for dissolution, or the foreign branch in Vietnam shall send an application for ceased operation to the Ministry of Finance. The application for dissolution of insurer, reinsurer, application for ceased operation of foreign branch in Vietnam includes:

a) An application form for dissolution or ceased operation signed by the legal representative, which states the reason for dissolution or ceased operation as specified in Appendix XIX issued herewith;

b) A competent authority's decision as prescribed in the company's charter (for insurer or reinsurer) or Regulation on organization and operation (for foreign branch in Vietnam);

c) A written revocation of establishment and operation license, as for point c, clause 1, Article 115 of the Law on Insurance Business, or a written termination of control measure, as for point d, clause 1, Article 115 of the Law on Insurance Business;

d) Supporting documents on that fact that the insurer, reinsurer, or foreign branch in Vietnam has paid all the debts, property obligations and has committed not to be in the process of settling disputes in court or arbitration as prescribed in clause 4 hereof;

dd) The establishment and operation license.

4. Supporting documents on that fact that the insurer, reinsurer, or foreign branch in Vietnam has paid all the debts, property obligations and has committed not to be in the process of settling disputes in court or arbitration include:

a) Report on the payment of financial obligations to employees as prescribed by law;

b) Report on the payment of liabilities to the insurance policyholders, including payment of due liabilities under the insurance policies and the transfer of insurance policies as prescribed (for the insurer or foreign branch in Vietnam);

c) Report on payment of liabilities to the State and other creditors;

d) A notarized copy of the tax authority's certification that tax obligations have been fulfilled;

dd) Other supporting documents (if any).

5. Members of the Board of Directors, members of the Members' Council, the Director or General Director, and the legal representative of the insurer, reinsurer or foreign branch in Vietnam shall be responsible for the truthfulness and accuracy of the documentation.

6. Within 20 days of receiving a complete and valid application, the Ministry of Finance shall issue a decision on dissolution of the insurer or reinsurer; terminate the operation of the foreign branch in Vietnam.

7. In case the application for dissolution or ceased operation is inaccurate or forged, the persons specified in Clause 5 of this Article shall be held jointly and severally liable for payment of financial obligations to employees and unpaid taxes, other unpaid debts, and be personally responsible before law for the consequences arising within 5 years from the date of submitting the application for dissolution or ceased operation to the Ministry of Finance.

## **Section 8. REPRESENTATIVE OFFICES IN VIETNAM**

### **Article 56. Application and procedures for issuance of license for establishment of representative office in Vietnam**

1. Foreign insurers, foreign finance-insurance institutions, foreign reinsurers, foreign insurance brokers (hereinafter referred to as foreign enterprises) submit the Ministry of Finance, in person, by post, or online (if applicable), one set of the following documents:

a) An application form for license for establishment of representative office in Vietnam specified in Appendix XI to this Decree;

b) A copy of the establishment license, business registration certificate or other equivalent document of the foreign enterprise;

c) A copy of the financial statement audited by an independent auditing organization of the foreign enterprise in the three fiscal years preceding the year of submission of the application for license for establishment of representative office in Vietnam;

d) Curriculum vitae, copy of 9-digit or 12-digit ID card or passport of the person expected to hold the position of head of the representative office;

dd) The introduction of the foreign enterprise;

e) The approval of the insurance authority where the foreign enterprise's head office is located that allows the foreign enterprise to set up a representative office in Vietnam. If the home country's regulations do not require written approval, a written certification from a competent authority is required in accordance with the law of the country.

2. The documents in the application for license for establishment of representative office in Vietnam must satisfy the requirements of Article 15 of this Decree.

3. Procedures for issuance of license for establishment of representative office in Vietnam shall comply with Article 16 of this Decree.

4. The time limit for granting a license for establishment of representative office in Vietnam shall comply with Article 70 of the Law on Insurance Business, The license for establishment of representative office in Vietnam must comply with the form in Appendix XIV issued together with this Decree.

### **Article 57. Reissuance of license for establishment of representative office in Vietnam**

1. The foreign enterprise shall apply for re-issuance of a license for establishment of representative office in Vietnam in case their license is lost, destroyed, damaged, or invalidated in any form.

2. An application for reissuance of a representative office license includes: An application form for reissuance of a license for establishment of representative office specified in Appendix XV to this Decree.

3. The foreign enterprise shall submit one set of application in person or by post or online (if eligible) to the Ministry of Finance.

4. Within 14 days of receiving a complete and valid application, the Ministry of Finance shall consider issuing a copy of the license from the master register in accordance with law. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 58. Revisions to license for establishment of representative office in Vietnam**

1. The foreign enterprise shall apply for revisions to their license for establishment of representative office in Vietnam in any of the following cases:

- a) Change of name, nationality, address of the foreign enterprise;
- b) Change of name of the representative office;
- c) Change of operational activities of the representative office;
- d) Change of location of the representative office's head office from one province or centrally affiliated city to another province or centrally affiliated city.

2. Application for revisions to license for establishment of representative office in Vietnam includes:

- a) An application form for revisions to license for establishment of representative office specified in Appendix XV to this Decree;
- b) A copy of the legal document issued by a competent foreign agency attesting to the change of name, nationality, or address of the foreign enterprise;
- c) A document issued by a competent authority as prescribed in the charter of the foreign enterprise, clearly stating the decision on change of the name or operational activities of the representative office or change of location of the representative office's head office.

3. An application for revisions to the license for establishment of representative office includes one copy in Vietnamese and one copy in English which meet the requirements in Clauses 2, 3, 4, Article 15 of this Decree.

4. The foreign enterprise shall submit one set of application in person or by post or online (if eligible) to the Ministry of Finance.

5. Within 14 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised license according to Appendix XVI hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 59. Extension of license for establishment of representative office in Vietnam**

1. A foreign enterprise seeking to extend the operation of a representative office in Vietnam must satisfy the following requirements:

- a) The representative office in Vietnam has not been penalized for any administrative violations in the insurance business in the 12 months preceding the submission of the application for extension of operation.
- b) The foreign enterprise is currently operating legally at the time of application for extension of the representative office's operation;

c) The foreign enterprise has cooperative relations with agencies and organizations in the field of insurance business in Vietnam.

2. An application for extension of a license for establishment of representative office in Vietnam includes the following:

a) An application form for extension of operation of representative office specified in Appendix XIII to this Decree;

b) A copy of the establishment license, business registration certificate or other equivalent document;

c) A copy of the financial statement audited by an independent auditing organization of the foreign enterprise in the three fiscal years preceding the year of submission of the application for extension;

d) Curriculum vitae, copy of 9-digit or 12-digit ID card, or passport of the person expected to hold the position of head of the representative office (if changed);

dd) Written report on cooperation activities of the representative office in Vietnam or foreign enterprise with agencies or organizations in the field of insurance business in Vietnam.

3. An application for extension of the license for establishment of representative office includes one copy in Vietnamese and one copy in English which meet the requirements in Clauses 2, 3, 4, Article 15 of this Decree.

4. At least 60 days before the expiry date of the license for establishment of representative office in Vietnam, a foreign enterprise seeking to extend the operation their representative office in Vietnam must submit one application in person, or by post, or online (if eligible) to the Ministry of Finance.

5. Within 30 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised license according to Appendix XVI hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 60. Ceased operation of representative office in Vietnam**

1. A representative office in Vietnam shall cease operation in the following cases:

a) At the request of the foreign enterprise;

b) When the foreign enterprise ceases operation, is dissolved, goes bankrupt or has its license revoked;

c) Their term of operation expires without application for extension or without the approval of the Ministry of Finance for extension.

2. An application for ceased operation of a representative office includes:

a) An application form for ceased operation of representative office specified in Appendix XIII to this Decree;

b) Documents proving that the representative office has fulfilled their obligations to employees and other agencies, organizations, and individuals in Vietnam;

c) The original license for establishment of representative office in Vietnam and the decisions on extension of the license (if any);

d) Originals of other relevant permits and decisions during the operation of the representative office in Vietnam;

dd) A written authorization for an organization in Vietnam to carry out administrative procedures (if any) with relevant state regulatory agencies on behalf of the foreign enterprise.

3. In case the representative office ceases operation according to Points a and b, Clause 1 of this Article, the foreign enterprise shall submit one set of application as prescribed in Clause 2 of this

Article, in person, by post, or online, to the Ministry of Finance (if eligibility requirements are met). Within 20 days of receiving a complete and valid application, the Ministry of Finance shall issue a decision on termination of operation of the representative office.

4. In case the representative office in Vietnam ceases operation according to Point c, Clause 1 of this Article, the following procedures shall be followed:

a) Within 30 days after the expiration of the time limit specified at Point c, Clause 1 of this Article, the Ministry of Finance shall send a document to the representative office and to the relevant state regulatory agencies, which notifies the representative office's ceased operation from the date of expiration of the license and request the foreign enterprise to carry out the procedures for terminating the operation of the representative office;

b) Within 20 days of receiving the document from the Ministry of Finance, the foreign enterprise must submit one set of application as specified in points a, c, d and dd clause 2 of this Article, in person, by post, or online (if eligibility requirements are met, to the Ministry of Finance;

c) Within 20 days of receiving a complete and valid application, the Ministry of Finance shall issue a decision on termination of operation of the representative office;

dd) Within 1 year from the date on which the Ministry of Finance issues a written notice of ceased operation of the representative office, the foreign enterprise or its authorized representative must report to the Ministry of Finance on their fulfillment of obligations to organizations and individuals in Vietnam together with supporting documents as prescribed at Point b, Clause 2 of this Article;

dd) Within 5 working days from the date of expiry of 1 year as prescribed in point d of this clause, if the obligations to employees and other organizations and individuals in Vietnam have not been fulfilled, the foreign enterprise or authorized representative must provide an explanation for the Ministry of Finance in writing. Upon the expiry of the above-mentioned 5 working days without receiving this explanation, the Ministry of Finance will send a notice to the insurance authority where the foreign enterprise's head office is located, stating that the foreign enterprise or corporation has not fulfilled their obligations to organizations and individuals in Vietnam yet;

e) Within 20 days of receiving the explanation enclosed with the documents specified at Point d of this Clause, the Ministry of Finance shall issue a document certifying that the foreign enterprise has completed the procedures for shuttering the representative office in Viet Nam.

5. Upon ceased operation, the representative office in Vietnam must fulfill all procedures and obligations as prescribed by law. In case the representative office ceases operation as prescribed at Point c, Clause 1 of this Article, the foreign enterprise shall perform, or authorize the organization or individual in Vietnam to perform, the obligations that have not yet been fulfilled with employees and other organizations and individuals in Vietnam when the representative office is shuttered.

#### **Article 61. Revocation of license for establishment of representative office in Vietnam**

1. The representative office in Vietnam has its license for establishment of representative office revoked in case its operation does not conform to the requirements specified in such license or the application for that license has fraudulent information to meet eligibility requirements.

2. Within 30 days of signing the record of violations, the Ministry of Finance shall issue a decision on revocation of the license for establishment of representative office in Vietnam and send it to the representative office in Vietnam and relevant agencies for management.

3. Within 30 days of receiving the decision of the Ministry of Finance, the foreign enterprise must submit one set of application to the Ministry of Finance, including the following:

a) Documents proving that the representative office has fulfilled their obligations to employees and other agencies, organizations, and individuals in Vietnam;

b) The original license for establishment of representative office in Vietnam and the decisions on extension of the license (if any);



c) Originals of other relevant permits and decisions during the operation of the representative office in Vietnam;

d) A written authorization for an organization in Vietnam to carry out administrative procedures (if any) with relevant state regulatory agencies on behalf of the foreign enterprise.

4. The foreign enterprise shall submit one set of application specified in clause 3 of this Article, in person, by post, or online (if eligible) to the Ministry of Finance. Within 20 days of receiving a complete and valid application, the Ministry of Finance shall issue a decision on termination of operation of the representative office.

5. Upon license revocation, the representative office in Vietnam must fulfill all procedures and obligations as prescribed by law.

### **Chapter III**

## **INSURANCE AGENTS, INSURANCE BROKERS, CORPORATE AND INDIVIDUAL PROVIDERS OF INSURANCE AUXILIARY SERVICES**

### **Section 1. INSURANCE AGENTS**

#### **Article 62. Eligibility requirements for insurance agents**

An insurance agent must satisfy the requirements specified in Clause 2, Article 125 of the Law on Insurance Business, and the following requirements:

1. Insurance agents being credit institutions and foreign bank branches:

a) A specialized department must be established to carry out insurance agent activities;

b) The head of the department specialized in performing insurance agent activities must have at least 3 years of working experience in finance, banking, or insurance, and have at least a bachelor's degree in insurance. If he/she fails to have at least a bachelor's degree in insurance, he/she must have at least a bachelor's degree in other major and an insurance certificate according to regulations of the Ministry of Finance;

c) Each branch of a credit institution that conducts insurance agent activities must have at least 3 employees who are trained and have insurance agent certificates suitable to the type of insurance that the credit institution acts as an agent. Each transaction office of a credit institution that conducts insurance agent activities must have at least one employee who is trained and has an insurance agent certificate suitable to the type of insurance that the credit institution acts as an agent;

d) Have an appropriate information technology system which provides complete, accurate and up-to-date information related to insurance policies through insurance agents;

dd) There is a process to supervise and control the quality of the performance of insurance agent activities by the employees in the agent. The quality control and supervision process must ensure that the agent's staff who directly perform agent activities strictly comply with the principles of agent operation and the authorization details in the agent contract and relevant laws; insurers and foreign branches in Vietnam are enabled to inspect and supervise performance of the agent's staff and their violations.

e) Each branch, transaction office of the credit institution or foreign bank branch must set up a separate transaction counter (or separate transaction desk) to carry out insurance agent activities, separate from transaction areas of the credit institution or foreign bank branch.

2. Insurance agents being other organizations:

a) The organization must have at least three employees who directly perform insurance agent activities;

b) There is a process in place to supervise if their employees comply with the principles of insurance agent activities in accordance with the Law on Insurance Business.

3. An insurance agent must maintain their compliance with the requirements for insurance agent operation throughout their operation. In case one of the requirements is not satisfied, such organization may not conduct insurance agent activities until all the requirements are satisfied and must notify the insurer, or branch of foreign non-life insurer, or mutual providing microinsurance products within 5 working days from the date of their failure to meet the requirements for insurance agent activities. After 6 months from the date of notification, if such organization still fails to satisfy the requirements for operating insurance agent as prescribed, the insurer, or branch of foreign non-life insurer, or mutual providing microinsurance products must terminate the insurance agent contract.

4. An organization which has engaged in insurance agent activities must satisfy the requirements in Clauses 1 and 2 of this Article within 1 year from the effective date of this Decree.

## **Section 2. INSURANCE BROKERS**

### **Article 63. Financial requirements to enable Establishment And Operation License to be issued to insurance brokers**

A capital contributor of an insurance broker must satisfy the following requirements:

1. The contributor of at least 10% of charter capital must have a profitable business operation for 3 consecutive years preceding the year of application.
2. Capital contributors in businesses that require legal capital, minimum charter capital, or minimum capital must ensure that the difference between owner's equity, as stated in the audited financial statement of the year preceding the year of application, and the required capital is greater than or equal to their planned contribution.
3. If capital contributors are established and operate under the Law on Credit Institutions, the Law on Insurance Business, and/or the Law on Securities, they must maintain the financial safety conditions and obtain permission by competent authorities to contribute capital in accordance with law. In cases where relevant laws do not require written approval from a competent agency, the capital contributor must have a written certification of this.
4. Where a capital contributor established under foreign law has a subsidiary that conducts insurance brokerage activities, such capital contributor may not have incurred cumulative losses up to application submission, and must have total assets of at least 2 million USD in the fiscal year preceding the year of application.
5. The contributor of at least 10% of charter capital must have an audited financial statement with an unqualified opinion for 3 consecutive years preceding the year of application; the contributor of less than 10% of charter capital must have an audited financial statement with an unqualified opinion for the year preceding the year of application.

### **Article 64. Application for issuance of Establishment and Operation License to insurance brokers**

1. An application form for a License specified in Appendix I to this Decree.
2. Draft of the company's charter as prescribed in the Law on Enterprises.
3. Operational plan for the first 5 years suitable to the type of business to which the license is applied, clearly stating the operational activities to be performed and the business efficiency of the establishment of the insurance broker.
4. Copies of 9-digit or 12-digit ID cards, or passports; police (clearance) certificates or equivalent of foreigners as prescribed by foreign law; curricula vitae, copies of degrees, certificates and other documents proving the eligibility of the person expected to be appointed as President of the Members' Council, Director or General Director, Legal Representative.
5. List of shareholders, corporate contributors of at least 10% of charter capital and the following attached documents:

- a) A copy of the establishment decision or business registration certificate or other equivalent document;
- b) A copy of the company's charter;
- c) A decision issued by the competent authority of the capital contributor on capital contribution to establish the insurance broker;
- d) A written authorization, a copy of 9-digit or 12-digit ID card or passport of the authorized representative of the capital contributor;
- dd) A copy of the audited financial statement for the three consecutive fiscal years preceding the year of application as prescribed in clause 5 Article 63 of this Decree;
- e) A document proving that this capital contributor complies with point a, Clause 5, Article 133 of the Law on Insurance Business.

6. Profile of a corporate shareholder or contributor of less than 10% of charter capital;

- a) Documents specified at Points a, b, c, d, Clause 5 of this Article;
- b) A copy of the audited financial statement for the fiscal year preceding the year of application as prescribed in clause 5 Article 63 of this Decree.

7. Where a corporation established under foreign law has a subsidiary that conducts insurance brokerage activities, they must submit a copy of establishment decision or business registration certificate or equivalent document of the subsidiary; a copy of the audited financial statement for the fiscal year preceding the year of application as prescribed in clause 5 Article 63 of this Decree.

8. Profile of an individual shareholder or capital contributor:

- a) A copy of 9-digit or 12-digit ID card or passport; police (clearance) certificate according to the form or equivalent document of foreigners as prescribed by foreign law;
- b) Bank's confirmation of the balance of Vietnamese dong or freely convertible foreign currency deposited at the bank.

9. Certification of the bank licensed to operate in Vietnam that the charter capital deposited in a blocked account opened at the bank is not lower than the minimum charter capital specified in Article 81 of this Decree. The certification must clearly state the capital contribution amount of each shareholder/capital contributor, blocked amount, blockade purpose, blockade duration and conditions for lifting blockade.

10. Minutes of meetings of the corporate/individual in the matter of:

- a) Agreement to contribute capital to establish an insurance brokerage limited liability company or an insurance brokerage joint-stock company, together with a list of shareholders, members and founding shareholders and members;
- b) Approval for the draft of the company's charter.

11. A document authorizing an individual or organization to act on behalf of shareholders, capital contributors to carry out the procedures for applying for a License.

12. In case a foreign organization established under foreign law has directly performed insurance brokerage, it must obtain a certification from the competent authority of their home country, stating that:

- a) The foreign organization established under foreign law is permitted to establish an insurance broker in Vietnam. If the home country's regulations do not require a written approval, a written certification from a competent authority is required in accordance with the law of the country;
- b) The foreign organization established under foreign law has engaged in the insurance brokerage;

c) The foreign organization established under foreign law has not seriously violated their home country's regulations on insurance brokerage for 3 consecutive years preceding the year of application.

13. In case a foreign organization established under foreign law has a subsidiary which has directly performed insurance brokerage, it must obtain a certification from the competent authority of their home country, stating that:

a) The foreign organization established under foreign law is permitted to establish an insurance broker in Vietnam. If the home country's regulations do not require a written approval, a written certification from a competent authority is required in accordance with the law of the country;

b) The foreign organization established under foreign law has financial soundness and has fully met the management requirements in their home country;

c) The foreign organization established under foreign law has not seriously violated their home country's regulations on insurance brokerage for 3 consecutive years preceding the year of application.

14. The written commitment of the capital contributors that they meet the eligibility requirements for issuance of the License as prescribed in Article 63 of this Decree and Article 133 of the Law on Insurance Business.

15. A certification issued by a competent authority that Vietnamese capital contributors meet financial safety conditions and are allowed to contribute capital to establish an insurer or reinsurer in accordance with law. If relevant law does not require a written approval, the capital contributor must have a written certification of this.

16. A document proving that the capital contributors ensure that the difference between owner's equity and the required capital is greater than or equal to their planned contribution as prescribed in Clause 2, Article 63 of this Decree.

#### **Article 65. Standards of applications, documents, procedures for issuance of Establishment and Operation Licenses to insurance brokers**

General standards of submission and supplementation of applications, documents, procedures for issuance of Establishment and Operation Licenses to insurance brokers are prescribed in Article 15 and Article 16 of this Decree.

#### **Article 66. Change of name, location of head office of insurance broker**

1. Application for change of name, location of head office of insurance broker includes:

a) An application form for change of name or head office, provided in Appendix III to this Decree;

b) A document of the competent authority, as prescribed in the company's charter, on change of name, location of head office;

c) Documentation showing the right to use the head office (for the change of head office).

2. Within 7 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 67. Increase in charter capital**

1. If an insurance broker seeks to increase their charter capital, they must meet the following requirements:

a) The increase in charter capital shall be made in Vietnamese Dong;

b) Shareholders and capital contributors are not permitted to supplement their charter capital with loan capital or investment trust capital from other organizations or individuals.

2. Application for Ministry of Finance's approval of principle to increase charter capital for insurance broker includes:

- a) An application form for change of charter capital specified in Appendix III to this Decree;
- b) A competent authority's document as prescribed in the company's charter on the increase in charter capital. This document must specify the increased amount, method, and time for capital increase;
- c) Plan for mobilization and use of charter capital;
- dd) List of shareholders or capital contributors expected to own at least 10% of the charter capital of the insurance broker after increasing capital; documents proving that these shareholders and capital contributors satisfy the requirements specified in clauses 1, 2, 5 of Article 133 of the Law on Insurance Business and Article 63 of this Decree. This provision does not apply to shareholders or capital contributors that owned at least 10% of charter capital of the insurance broker before increasing the capital, and does not apply to the case of increasing charter capital by the method of securities public offering, securities offering of listed and public joint-stock companies.

3. Within 20 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. In case of increase of charter capital by method of public offering of shares, offering of shares of listed and public joint-stock companies, after being approved by the Ministry of Finance, the insurance broker shall issue shares in accordance with the Law on Securities.

5. Within 6 months from the date on which the Ministry of Finance approves the application for an increase in charter capital, the insurance broker shall complete the process of increasing capital and submit one set of application to the Ministry of Finance, including:

- a) A summary report on the results of the increase in charter capital under the capital change plan approved by the Ministry of Finance;
- b) The bank's certification that the shareholders (or capital contributors) have fully paid the additional capital to the insurance broker into a blocked account; or the Vietnam Securities Depository and Clearing Corporation's certification of additional registration of securities if the charter capital is increased through the issuance of shares from owner's equity;
- c) Documents specified in point d clause 2 of this Article in case of increasing charter capital by the method of securities public offering, securities offering of listed and public joint-stock companies.

6. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised license to the insurance broker according to Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

7. Within 6 months from the date on which the Ministry of Finance approves the application for an increase in charter capital or allocated capital, if the insurance broker fails to perform such a plan, they must report it to the Ministry of Finance for further actions.

#### **Article 68. Decrease in charter capital**

1. If an insurance broker seeks to decrease their charter capital, they must meet the following requirements:

- a) The decreased charter capital still meets the minimum capital requirements as specified in Article 81 of this Decree;
- b) The owner's equity determined when the latest financial statement is prepared is not lower than the minimum charter capital as prescribed by law.

2. Application for Ministry of Finance's approval of principle to decrease charter capital for insurance broker includes:

- a) An application form for decrease in charter capital specified in Appendix III to this Decree;
- b) A competent authority's document as prescribed in the company's charter on the decrease in charter capital. This document must specify the decreased amount, method, and time for capital decrease;
- c) Plan for decrease in charter capital, which proves that the insurance broker satisfies the requirements in clause 1 hereof;
- d) Documents proving that the insurance broker meets the requirements specified in Clause 1 of this Article.

3. Within 20 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Within 6 months from the date on which the Ministry of Finance approves the application for a decrease in charter capital, the insurance broker shall complete the process of decreasing capital and submit one set of application to the Ministry of Finance, including:

- a) A summary report on the results of the decrease in charter capital according to the plan approved by the Ministry of Finance, clearly stating the results of financial indicators after completing the process of decreasing capital;
- b) Documents proving that the insurance broker has completed payments of decreased capital to shareholders or capital contributors.

5. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised license to the insurance broker according to Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

6. Within 6 months from the date on which the Ministry of Finance approves the application for a decrease in charter capital or allocated capital, if the insurance broker fails to perform such a plan, they must report it to the Ministry of Finance for further actions.

7. A single-member limited liability company is not allowed to decrease their charter capital.

#### **Article 69. Change of operational activities, scope, and duration of operation**

1. Insurance brokers that seek to expand operational activities, scope and duration of operation specified in the License must satisfy the following requirements:

- a) The head of the extended division must acquire qualifications as specified in Article 80 of this Decree (for expansion of operational activities and scope);
- b) Do not incur administrative penalties against regulations on insurance business in 12 months preceding the submission of the application for expansion of operational activities and scope;
- c) The owner's equity determined when the latest financial statement is prepared is not lower than the minimum charter capital as prescribed in Article 81 of this Decree.

2. An insurance broker that seeks to curtail the operational activities, scope and duration specified in its Establishment and Operation License must ensure that it does not cause damage to its current obligations to the State, interests of the insurance policyholders and other related entities.

3. Application for change of operational activities, scope, and duration of operation includes:

- a) An application form for change of operational activities, scope, and duration of operation as specified in Appendix III to this Decree;

- b) A document issued by a competent authority as prescribed in the company's charter on changes of operational activities, scope, and duration of operation;
  - c) Documents proving that the insurance broker meets the requirements specified in Clause 1, Clause 2 of this Article.
4. Within 20 days of receiving a complete or valid application, the Ministry of Finance shall issue a revised license to the insurance broker according to Appendix V hereto appended. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

**Article 70. Transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold**

1. The purchase and transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold must meet the following requirements:
- a) Do not cause damage to the legitimate rights and interests of the policyholders, employees, and the State;
  - b) Comply with relevant laws;
  - c) Organizations and individuals that receive the transfer of shares or contributed capital must satisfy the requirements specified in Clauses 1, 2, 5, Article 133 of the Law on Insurance Business and Article 63 of this Decree.
2. Application for transfer of shares or contributed capital that results in a shareholder or capital contributor reaching or falling below the 10% ownership threshold includes:
- a) An application form provided in Appendix IV to this Decree;
  - b) The written approval of the competent authority as prescribed in the company's charter on the transfer of shares or contributed capital;
  - c) List of shareholders (or members) contributing capital, charter capital and charter capital structure of the insurance broker formed after the transfer of shares or contributed capital;
  - d) A copy from the master register or certified copy of the agreement in principle (AIP) on the transfer (unless the insurance broker is listed or traded on a stock exchange);
  - dd) Documents proving that the corporate/individual capital contributor meets the requirements in Clause 1 of this Article.
3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.
4. Within 14 days of completing the transfer of shares or contributed capital according to the approved plan, the insurance broker must send to the Ministry of Finance: a set of report on completion of transfer of shares, contributed capital, including:
- a) A report on completion of transfer of shares, contributed capital;
  - b) A report on full payment of tax liabilities arising out of transfer of shares, contributed capital.
5. In case the approved capital transfer plan cannot be implemented, the insurance broker must submit a report to the Ministry of Finance outlining the action plan.
6. Within 14 days of receiving the report of the insurance broker on the results of the transfer of the shares or contributed capital, the Ministry of Finance shall issue a revised License to the insurance broker provided in Appendix V issued with this Decree. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

**Article 71. Total division, partial division, acquisition, consolidation, or conversion of business entity**

1. Total division, partial division, acquisition, consolidation, or conversion of an insurance broker must meet the following requirements:

- a) Do not cause damage to the legitimate rights and interests of the policyholders, employees, and the State;
- b) Comply with relevant laws;
- c) Organizations and individuals that plan to contribute capital to the insurance broker after the total division, partial division, acquisition, consolidation, or conversion must satisfy the requirements specified in Clauses 1, 2, and 5 Article 133 of the Law on Insurance Business and Article 63 of this Decree;
- d) The new insurance broker established after total division, partial division, acquisition, consolidation, or conversion must satisfy the requirements specified in Article 133 of the Law on Insurance Business.

2. Application for total division, partial division, acquisition, consolidation, or conversion of business entity includes:

- a) An application form as specified in Appendix VI issued with this Decree;
- b) A document issued by a competent authority as prescribed in the company's charter on the total division, partial division, acquisition, consolidation, or conversion;
- c) Report on how they carry out their total division, partial division, acquisition, consolidation, or conversion, how they deal with contracts which remain valid with customers, or with debt obligations, obligations to the State, and commitments to employees;
- d) List of shareholders (or capital contributors), charter capital and charter capital structure of the insurance broker formed after the total division, partial division, acquisition, consolidation, or conversion;
- dd) A copy from the master register or certified copy of the principle contract on total division, partial division, acquisition, consolidation, or conversion;
- e) Opinions of the valuation authority, clearly stating the determination of the share conversion ratio or the valuation of the contributed capital portion (in the case of consolidation or acquisition); determine the value of property to be divided among the parties (in case of full division or partial division);
- g) A copy from the master register or certified copy of the audited financial statement for the three consecutive years preceding the year of application for consolidation or acquisition of the acquired company/consolidating company and the insurance broker;
- h) Documents proving that capital contributors, administrators, and the insurance broker to be established after the total division, partial division, acquisition, consolidation, or conversion meet the requirements in Clause 1 of this Article.

3. Within 30 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. Within 14 days from the date of completion of the total division, partial division, acquisition, consolidation, or conversion according to the approved plan, the insurance broker must send a report on results to the Ministry of Finance. In case the approved capital transfer plan cannot be implemented, the insurance broker must submit a report to the Ministry of Finance outlining the action plan.

5. Within 14 days from the date of completion of the total division, partial division, acquisition, consolidation, or conversion, the Ministry of Finance shall issue a revised license according to the form specified in Appendix V issued with this Decree or the Establishment and Operation License to the insurance broker, provided in Appendix II issued together with this Decree. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.



## **Article 72. Requirements, applications, procedures for dissolution of insurance brokers**

1. Insurance brokers may only be dissolved when they have paid all debts and other property obligations and have not been during the dispute settlement process at Court or Arbitration. The relevant manager and the insurance broker are held jointly and severally liable for the debts of the insurance broker.
2. The payment of debts of the insurance broker shall be made in the following order of priority:
  - a) Unpaid salaries, severance allowances, social insurance premiums, health insurance premiums, unemployment insurance premiums as per the law, and other benefits of employees under collective bargaining agreements and signed employment contracts;
  - b) Owes in taxes;
  - c) Other debts.
3. Once all the debts are fully paid as prescribed in Clause 2 of this Article, the insurance broker shall submit a dissolution application to the Ministry of Finance, including:
  - a) An application form for dissolution signed by the legal representative, which states the reason for dissolution as specified in Appendix XIX issued herewith;
  - b) A decision of a competent authority as prescribed in the company's charter;
  - c) Documents proving that the insurance broker has paid all the debts, property obligations and has committed not to be in the process of settling disputes in court or arbitration, including the following: report on the payment of financial obligations to employees; report on payment of liabilities to the State and other creditors; a notarized copy of the tax authority's certification that tax obligations have been fulfilled; other supporting documents (if any);
  - d) The establishment and operation license.
4. Members of the Board of Directors, members of the Members' Council, the Director or General Director, and the legal representative of the insurance broker shall be responsible for the truthfulness and accuracy of the documentation.
5. Within 20 days of receiving a complete and valid application, the Ministry of Finance shall issue a decision on dissolution of the insurance broker.
6. In case the application for dissolution is inaccurate or forged, the persons specified in Clause 4 of this Article shall be held jointly and severally liable for payment of financial obligations to employees and unpaid taxes, other unpaid debts, and be personally responsible before law for the consequences arising within 5 years from the date of submitting the application for dissolution to the Ministry of Finance.

## **Article 73. Appointment or removal of President of the Board of Directors (President of the Members' Council), General Director (Director)**

1. The insurance broker must obtain written approval from the Ministry of Finance when appointing or removing the following positions:
  - a) President of the Board of Directors, President of the Members' Council;
  - b) General Director (Director).
2. Application for appointment or removal of positions specified in clause 1 hereof includes the following:
  - a) An application form for appointment or removal specified in Appendix III to this Decree;
  - b) A decision of a competent authority as prescribed in the company's charter;
  - c) Police (clearance) certificate or equivalent document of foreigners as prescribed by foreign law in accordance with point dd clause 2 Article 15 of this Decree; copies of 9-digit or 12-digit ID cards or passports or other identity document; curricula vitae in accordance with point e clause 2

Article 15 of this Decree, copies of degrees, certificates and other documents proving the eligibility of the person expected to be appointed as President of Board of Directors (President of the Members' Council), General Director (Director);<0}

d) Expected employment contract between the insurance broker and the person expected to be appointed as the General Director (Director);

dd) The written commitment of the person expected to be appointed to work for the insurance broker after being approved by the Ministry of Finance;

e) Application for appointment or removal of President of Board of Directors (President of the Members' Council), General Director (Director) must satisfy Points a, b, d, h, Clause 2, Clauses 3 and 4, Article 15 of this Decree.

3. Within 7 working days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

#### **Article 74. Opening of branches, representative offices, and other forms of commercial presence of insurance brokers in foreign countries**

1. An insurance broker seeking to open a branch, representative office, or another form of commercial presence in a foreign country must satisfy the following requirements:

a) The owner's equity determined when the latest financial statement is prepared is not lower than the minimum charter capital as prescribed in Article 81 of this Decree;

b) It has not been penalized for any administrative violations in the insurance business in the 12 months preceding the submission of the application for opening a branch or representative office;

c) It has Regulation on organization and operation of branches, representative offices, and other forms of commercial presence;

d) Satisfy the legal regulations of the foreign country where the enterprise opens a branch, representative office, or another form of commercial presence.

2. An application for approval for opening of a branch, representative office, or another form of commercial presence in a foreign country includes:

a) An application form for opening of a branch, representative office, or another form of commercial presence in a foreign country, as specified in Appendix XVII issued with this Decree;

b) The document of the competent authority according to the company's charter on the opening of branches, representative offices, or other commercial presence in foreign countries;

c) Regulation on organization and operation of branches, representative offices, and other forms of commercial presence;

d) Application for approval of the opening of a branch, representative office, or another form of commercial presence in a foreign country must comply with Points a, b, d and h Clause 2, Clause 3 and Clause 4, Article 15 of this Decree.

3. Within 14 days of receiving a complete and valid application, the Ministry of Finance shall issue a written approval for opening of a branch, representative office, or another form of commercial presence in Vietnam to the insurance broker. If the application is rejected, the Ministry of Finance shall provide an explanation in writing.

4. After completing the opening of the branch, representative office, or another form of commercial presence in a foreign country, the insurance broker must notify the Ministry of Finance as prescribed in Clause 1, Article 75 of this Decree.

#### **Article 75. Application and procedures for recording notice of opening, termination, or relocation of branch or representative office in Vietnam**

1. Notice of opening, termination, or relocation of branch or representative office in Vietnam of an insurance broker includes:

a) Details in the notice of opening, termination, or relocation of branch or representative office in Vietnam of an insurance broker include name, address of the branch or representative office; operational activities of the branch or representative office; information of the branch director, the head of the representative office, information about changes to the branch or representative office;

b) The competent authority's approval for opening, termination, relocation of the branch or representative in accordance with the charter of the insurance broker;

c) Documentation showing the right to use the location of the branch or representative office (if any).

2. Within 7 working days of receiving the notice as prescribed in clause 1 hereof, the Ministry of Finance shall issue a certification of opening, termination or relocation of branch or representative office in Vietnam to the insurer or reinsurer.

#### **Article 76. Eligibility requirements for manager of insurance broker**

1. He/she has the right to manage an enterprise in accordance with the Law on Enterprises.

2. He/she is not penalized for administrative violations against regulations on insurance business; he/she is not dismissed for his/her violations against internal processes for 3 consecutive years before the time of appointment; he/she is not prosecuted by a competent authority as prescribed by law when he/she is elected or appointed.

#### **Article 77. Qualifications required for members of Board of Directors, members of Member's Council**

1. General qualifications in Article 76 of this Decree.

2. They obtain at least a bachelor's degree.

3. President of the Board of Directors and President of the Member's Council must have at least 5 years of experience in the insurance, finance, or banking industries; members of Board of Directors and members of Member's Council must have at least 3 years of experience in the insurance, finance, or banking industries.

4. Do not concurrently act as a member of the Board of Directors or a member of the Members' Council of another insurance broker in Vietnam.

#### **Article 78. Qualifications required for the Director or General Director, legal representative**

1. General qualifications in Article 76 of this Decree.

2. They obtain at least a bachelor's degree.

3. They obtain at an insurance certificate or insurance brokerage certificate issued by a Vietnamese and foreign training institution which is legally established. This provision does not apply to those who have obtained a bachelor's degree or higher in insurance.

4. They have at least 5 years' experience in insurance, finance, or banking, of which at least 3 years' experience as the manager or controller of an insurer or reinsurer, or the manager or controller of a foreign branch in Vietnam, or the manager of insurance broker.

5. They have lived in Vietnam during his/her tenure.

6. The Director or General Director must satisfy the following incumbent or office-holding principles:

a) Do not concurrently work for other insurance broker in Vietnam; do not act as a member of the Board of Directors or a member of the Members' Council of another insurance broker in Vietnam;

- b) Only concurrently hold the title of head of up to one branch or representative office or professional division of the insurance broker;
- c) Do not concurrently work for other insurer or foreign branch in Vietnam; do not act as a member of the Board of Directors or a member of the Members' Council of another insurer or foreign branch in Vietnam.

**Article 79. Qualifications required for Deputy Director or Deputy General Director, Chief Accountant**

1. General qualifications in Article 76 of this Decree.
2. They obtain at least a bachelor's degree.
3. They have at least 3 years of experience in insurance, finance, or banking.
4. They obtain at an insurance certificate or insurance brokerage certificate issued by a Vietnamese and foreign training institution which is legally established. This provision does not apply to those who have obtained a bachelor's degree or higher in insurance.
5. The Chief Accountant, apart from the qualifications in clauses 1, 2 of this Article, must meet the qualifications required for chief accountant in accounting law.

**Article 80. Qualifications required for the Head of professional division**

1. General qualifications in Article 76 of this Decree.
2. They obtain at least a bachelor's degree.
3. They have at least 3 years of experience in insurance, finance, or banking.
4. They obtain at an insurance certificate or insurance brokerage certificate issued by a Vietnamese and foreign training institution which is legally established. This provision does not apply to those who have obtained a bachelor's degree or higher in insurance.

**Article 81. Capital of insurance broker**

1. Minimum charter capital of an insurance broker:
  - a) Brokerage of original insurance or reinsurance: VND 5 billion;
  - b) Brokerage of original insurance or reinsurance: VND 10 billion.
2. During the course of operation, insurance brokers must meet the owner's equity requirement as follows:
  - a) As for insurance brokers licensed before January 1, 2023: Before January 1, 2028, the charter capital and owner's equity must not fall below the prescribed legal capital specified in Clause 6 Article 10 of Decree No. 73/2016/ND-CP; from January 1, 2028, the charter capital and owner's equity must not fall below the minimum charter capital as prescribed in Clause 1 of this Article;
  - b) As for insurance brokers that have been licensed since January 1, 2023, the charter capital and owner's equity must not fall below the minimum charter capital as prescribed in Clause 1 of this Article.
3. Every quarter, an insurance broker must re-evaluate its equity. If the owner's equity does not meet the requirements of Clause 2 of this Article, the insurance broker must apply for capital increase within 3 months from the end of the quarter and complete the process of increasing capital that complies with Clause 2 of this Article within 6 months from the end of the quarter.
4. If insurance brokers which are established, organized, and operating before the effective date of this Decree have a charter capital lower than the minimum charter capital specified in clause 1 of this Article, they must, before January 1, 2028, top up their charter capital to the required minimum level as prescribed in clause 1 of this Article.

**Article 82. Revenue of insurance broker**

1. Revenue of an insurance broker is the receivable amount in a period, including:

- a) Commissions from original insurance brokerage, reinsurance brokerage;
- b) Service charges for insurance auxiliary services;
- c) Service charges for other activities related to the insurance policy at the request of the insurance policyholder;
- d) Revenue from financial activities: Revenue from securities trading; collect interest on deposit, interest on loan amount; property rentals; other revenues as prescribed by law.
- dd) Other operating income: Revenue from sale and liquidation of fixed assets; bad debts written off and now recovered; other revenue as prescribed by law.

2. Principles of determining revenue of insurance brokers:

- a) The insurance broker shall record the insurance brokerage commission in the revenue corresponding to the time of accounting the premium revenue of the insurer, reinsurer, or foreign branch in Vietnam.

With regard to expenses recorded as decreases in revenue such as reduction of insurance brokerage commissions, refund of insurance brokerage commissions: they will be recorded as reduction in revenue as soon as the transaction takes place, with evidence of consent of the parties, regardless of whether money has been paid or not;

- b) The insurance broker shall record the service charges from the provision of auxiliary insurance services and the service fees from other activities related to the insurance policy at the request of the insurance policyholder into the revenue, upon completion of the provision of the services or the partial completion of the provision of the services, regardless of whether payment has been received or not;
- c) Revenue from financial activities: comply with general regulations on enterprise accounting regime for revenue from financial activities;
- d) Other operating income: comply with general regulations on enterprise accounting regime for other incomes.

### **Article 83. Expenses of insurance broker**

Expenses of an insurance broker are payables and deductions in a period related to the operation of the insurance broker and must have sufficient invoices and documents as prescribed by law, including:

1. Expenses of insurance brokerage:

- a) Expenditures on original insurance brokerage and reinsurance brokerage;
- b) Expenditures on provision of insurance auxiliary services;
- c) Fees charged for other activities related to the insurance policy at the request of the insurance policyholder;
- d) Expenditures on professional liability insurance;
- dd) Other expenditures and deductions as prescribed by law.

2. Expenditure on financial activities:

- a) Property rental costs;
- b) Expenditures on bank fees and loan interest payments;
- c) Other expenditures and deductions as prescribed by law.

3. Other operating expenses:

- a) Expenditures on sale and liquidation of fixed assets;

- b) Expenditures on the recovery of bad debts which have been written off and are now recovered;
- c) Other expenditures and deductions as prescribed by law.

### **Section 3. INSURANCE AUXILIARY SERVICES**

#### **Article 81. Qualifications required for persons in charge of insurance auxiliary services in corporate providers of insurance auxiliary services**

1. A person in charge of consulting services must meet any of the following requirements:
  - a) obtain at least a bachelor's degree in insurance; or
  - b) obtain at least a bachelor's degree in other major and a certificate of insurance consultancy issued by a Vietnamese or foreign insurance training institution, which is established and operate legally, corresponding to the type of insurance for which the consultancy is provided.
2. A person in charge of insurance underwriting must meet any of the following requirements:
  - a) obtain at least a bachelor's degree in insurance; or
  - b) obtain at least a bachelor's degree in other major and a certificate of insurance underwriting issued by a Vietnamese or foreign insurance training institution, which is established and operate legally, corresponding to the type of insurance for which the insurance underwriting is provided.
3. A person in charge of actuarial services in an insurer, reinsurer, or foreign branch in Vietnam must meet the qualifications as prescribed in clauses 2, 3 Article 29 and clause 2 Article 30 of this Decree.
4. A person in charge of claim assessment must meet any of the following requirements:
  - a) obtain at least a college degree conformable with the claim to be assessed;
  - b) obtain a certificate of claim assessment issued by a Vietnamese or foreign insurance training institution, which is established and operate legally, corresponding to the types of non-life insurance for which the claim assessment is provided; or
  - c) have at least 3 years' experience in assessment.
5. A person in charge of claim settlement support must meet any of the following requirements:
  - a) obtain at least a college degree; or
  - b) obtain a certificate of claim settlement support issued by a Vietnamese or foreign insurance training institution, which is established and operate legally, corresponding to the type of insurance for which the claim settlement support is provided.

### **Chapter IV**

#### **PROVISION AND USE OF CROSS-BORDER INSURANCE SERVICES**

##### **Article 85. Providers and users of cross-border insurance services and insurance brokerage**

1. Providers of cross-border insurance services and insurance brokerage (hereinafter referred to as cross-border insurance services) are insurers, foreign insurance brokers which are headquartered in countries/territories that have signed international treaties on trade with Vietnam (hereinafter referred to as home countries), and these treaties include an agreement on the provision of cross-border insurance services in Vietnam.
2. Users of cross-border insurance services are foreign-invested business entities and foreigners working in Vietnam.
3. Reinsurance services, international marine insurance, international aviation insurance, and international reinsurance brokerage shall comply with applicable regulations and best practices.

##### **Article 86. Eligibility requirements for providing cross-border insurance services**

An insurer or foreign insurance broker that provides cross-border insurance services in Vietnam must meet the following requirements:

1. General requirements:

a) Obtain a license issued by their home country's competent authority for providing types of insurance expected to be provided in Vietnam, and also proving that the insurer or foreign insurance broker has legally operated for 10 years preceding the year of provision of cross-border insurance services in Vietnam;

b) Obtain a license issued by their home country's competent authority for providing cross-border insurance services in Vietnam, and also proving that the insurer or foreign insurance broker has not violated any regulations on insurance business, insurance brokerage and other regulations of foreign law for 3 years preceding the year of provision of cross-border insurance services in Vietnam.

2. Eligibility requirements pertaining to finance:

a) The foreign insurer has total assets of at least USD 2 billion; the foreign insurance broker has at least USD 100 million in the fiscal year preceding the year of provision cross-border insurance services in Vietnam;

b) The foreign insurer is rated at least "BBB" by Standard & Poor's or Fitch, "B++" by A.M.Best, "Baal" by Moody's or equivalent ratings of other ranking organization in the fiscal year preceding the year of providing cross-border insurance services in Vietnam;

c) Their business has gained profits for 3 years preceding the year of provision of cross-border insurance services in Vietnam.

3. Eligibility requirements pertaining to loss control:

a) The foreign insurer must put down a deposit of at least VND 100 billion in a licensed bank in Vietnam, and obtain a letter of payment guarantee from that bank, committing to pay in case their liabilities in the cross-border insurance policies in Vietnam exceed the required deposit. The deposit is only used to meet the commitments made to the policyholders when the foreign insurer defaults in making payment as stated in a decision of their home country's competent authority. The deposit earns interests according to the agreement with the bank where the deposit is made. The foreign insurer is entitled to withdraw the entire deposit upon their termination of liabilities for contracts of providing cross-border insurance services in Vietnam;

b) The foreign insurer must have a claim settlement process which clearly states the procedure for handling the loss and the time limit for giving the claim payout to the policyholder in Vietnam. In any case, the foreign insurer or its authorized representative must be present at the place of loss within forty-eight hours from the time of receipt of the loss report. The time limit for claim settlement is specified in Article 31 of the Law on Insurance Business;

c) Foreign insurance brokers must purchase professional liability insurance for insurance brokerage for their provision of cross-border insurance brokerage services in Vietnam.

**Article 87. Eligibility requirements for providing cross-border insurance auxiliary services**

1. Foreign individuals providing cross-border insurance consulting services in Vietnam must satisfy the requirements specified in Clause 1, Article 143 of the Law on Insurance Business.

2. Foreign organizations providing cross-border insurance auxiliary services in Vietnam must satisfy the requirements specified in Clause 2, Article 143 of the Law on Insurance Business.

**Article 88. Methods of providing cross-border insurance services and cross-border insurance auxiliary services in Vietnam**

1. Foreign insurers, when providing cross-border insurance services in Vietnam, must do so through an insurance broker which is issued with an Establishment and Operation License in Vietnam.

2. Foreign insurance brokers providing cross-border insurance services in Vietnam must act as brokers for insurers or branches of foreign non-life insurers which are issued with an Establishment and Operation License in Vietnam.

3. Foreign individuals and organizations are allowed to provide cross-border auxiliary insurance services for insurers, foreign branches, and insurance brokers in Vietnam.

Foreign individuals and organizations providing cross-border insurance auxiliary services for individuals and organizations other than insurers, foreign branches or insurance brokers in Vietnam must cooperate with corporate providers of insurance auxiliary services, which are legally established and operating in Vietnam.

**Article 89. Responsibilities of providers of cross-border insurance services, and providers of cross-border insurance auxiliary service**

1. Give documents on eligibility for providing cross-border insurance services as prescribed in Article 86 of this Decree to insurers, foreign branches, and insurance brokers licensed in Vietnam that engage in the process of providing cross-border insurance services as prescribed in Article 88 of Decree.

Give documents on eligibility for providing cross-border insurance auxiliary services as prescribed in Article 87 of this Decree to insurers, foreign branches, and insurance brokers licensed in Vietnam that use insurance auxiliary services, or domestic organizations that engage in the process of providing cross-border insurance services.

2. Foreign individuals and organizations providing cross-border insurance auxiliary services in Vietnam shall comply with regulations on provision of auxiliary insurance services in Articles 141 and 142 of the Law on Insurance Business.

3. Within 120 days from the end of the fiscal year, foreign insurers and foreign insurance brokers providing cross-border insurance services shall send to the Ministry of Finance their financial statement of the previous year, certified by an independent auditing organization, and a written statement from their home country's competent authority on their compliance with of home country's enterprise law.

4. Foreign insurers and insurance brokers providing cross-border insurance services; foreign individuals and organizations providing cross-border insurance auxiliary services shall pay taxes and other financial liabilities related to the provision of cross-border insurance services, cross-border insurance auxiliary services in Vietnam in accordance with tax laws.

**Article 90. Responsibilities of entities related to the provision of cross-border insurance service and cross-border insurance auxiliary services**

Insurers, foreign branches, and insurance brokers licensed in Vietnam and providers of insurance auxiliary services that provide cross-border insurance services as prescribed in Article 88 of Decree shall:

1. Keep documents proving that the provider of cross-border insurance services in Vietnam with which they jointly provide insurance services satisfies the requirements specified in Article 86 of this Decree; keep documents proving that foreign individuals or organizations providing cross-border insurance auxiliary services in Vietnam satisfy the requirements specified in Article 87 of this Decree and provide these documents to competent authorities upon request.

2. Quarterly, report to the Ministry of Finance on the provision of cross-border insurance services, the use and provision of cross-border auxiliary insurance services performed during the period in Vietnam within 30 days from the end of the quarter. The report form shall be prescribed by the Minister of Finance.

3. Use or provide cross-border insurance auxiliary services together with foreign individuals or organizations that satisfy the requirements specified in Article 86 of this Decree.

**Chapter V**



## **COOPERATION IN MANAGEMENT, SUPERVISION, AND INSPECTION OF FOREIGN BRANCHES IN VIETNAM**

### **Article 91. Mechanism for coordination in management and supervision of foreign branches in Vietnam**

1. The Ministry of Finance shall coordinate with foreign insurance authority through sharing information on management and supervision of foreign branches in Vietnam in order to protect the legitimate rights and interests of parties in insurance business and ensure the healthy and sustainable development of Vietnam's insurance market.
2. Information sharing with foreign insurance authorities shall be carried out on the basis of written requests, on the case to case basis, or through a communication cooperation mechanism under international agreements on cooperation and information sharing with foreign insurance authorities in the home country where the foreign non-life insurer, foreign reinsurer with foreign branch in Vietnam is headquartered.
3. The content and scope of information shared between the Ministry of Finance and the foreign insurance authority shall comply with the following provisions:
  - a) Based on the requirements of management and supervision on a case-by-case basis, the Ministry of Finance shall clearly determine the need to request the foreign insurance authority to provide information related to professional operations, financial situation, corporate governance, risk management and the observance of the law on insurance business by the foreign non-life insurer, or foreign reinsurer with foreign branch in Vietnam;
  - b) In case of receiving a request to share information from a foreign insurance authority, the Ministry of Finance shall assess and clearly determine the extent and scope of information that can be shared with each individual request, providing that the sharing ensures state management objectives, complies with the law on protection of state secrets, protection of private life, personal secrets, family secrets and business secrets;
  - c) In case a foreign branch in Vietnam fails to ensure the capital adequacy ratio as prescribed, the Ministry of Finance can proactively inform and share with the foreign insurance authority about the early intervention measures, control measures applied to foreign branch in Vietnam.
4. The signing of an international agreement by a competent Vietnamese authority on cooperation and information sharing with foreign insurance authorities can be done bilaterally or multilaterally under regional and international cooperation frameworks of the International Association of Insurance Supervisors (IAIS), in compliance with the Law of International Agreements.
5. Contents of international agreements on cooperation and information sharing with foreign insurance authorities must contain the following:
  - a) Principles and scope of cooperation and information sharing;
  - b) Method of requesting information sharing;
  - c) Procedures for settlement of requests for information sharing of the parties to the agreement;
  - d) Providing information in some exceptional cases, including cases where foreign non-life insurers, foreign reinsurers, or foreign branches in Vietnam of these insurers/reinsurers do not meet the requirement pertaining to capital adequacy ratio; the case of a fiscal crisis;
  - dd) Regulations on information confidentiality and regulations on consultation and periodic review of agreement contents.

### **Article 92. Inspection of foreign branches in Vietnam**

The inspection of insurance business of foreign branches in Vietnam shall comply with the following:

1. The Ministry of Finance of Vietnam shall inspect the operation of foreign branches in Vietnam in accordance with law.
2. The foreign insurance authority where the enterprise's head office is located shall inspect the operation of the foreign branch in Vietnam as follows:
  - a) Before conducting the inspection, the foreign insurance authority where the enterprise is headquartered must notify the inspection plan to the Ministry of Finance;
  - b) After the inspection is completed, the foreign insurance authority where the enterprise is headquartered must provide inspection results for the Ministry of Finance.

## **Chapter VI**

### **THE FUND FOR THE PROTECTION OF THE INSURED**

#### **Article 93. Principles of management and use of the Fund for the protection of the Insured**

1. The Fund for the protection of the Insured shall be managed and decided by the Ministry of Finance in a safe, efficient manner and with proper purposes.
2. The Fund for the protection of the Insured is managed and used separately for each type of insurance: life insurance, non-life insurance and health insurance.
3. Investment activities of the Fund for the protection of the Insured are carried out as follows:
  - a) The Fund's idle money can only be invested in Vietnam to buy government bonds, government-guaranteed corporate bonds, and make deposits at commercial banks.Within 3 years from the effective date of the Law on Insurance Business, the entire balance of the Fund for the Protection of the Insured can be invested in Vietnam to buy Government bonds;
  - b) The Ministry of Finance may invest the Fund's idle money itself or by entrusting an organization to do so. In the case of investment entrustment, the entrusted organization must be licensed by a competent authority to conduct investment entrustment in accordance with the investment entrustment activity.
4. Where it is necessary to use the Fund for Protection of the Insured as prescribed in Clause 5 of this Article, the Ministry of Finance shall set up a Council to consider making payouts. The Council shall have composition and duties as follows:
  - a) The Council is composed of representatives of the Ministry of Finance, representatives of the Association of Vietnamese Insurers, representatives of insurers receiving the transfer the portfolios of insurance policies (in a case that the Ministry of Finance assigns the insurer to receive the transfer the portfolios of insurance policies from a bankrupt or insolvent insurer);
  - b) Duties of the Council: examine the insurance claims; develop a plan to use the Fund and submit it to the Ministry of Finance for approval (including a plan to pay out insurance policies of the bankrupt or insolvent insurer, and a plan to use the Fund's assets to carry out perform assigned tasks).The Council may outsource the performance of assigned tasks.
- c) The Council is allowed to use the seal of the authority tasked to manage the Fund for the Protection of the Insured when performing its duties.
5. The Fund for the Protection of the Insured is used in the following cases:
  - a) In case an insurer or a branch of foreign non-life insurer becomes insolvent and has taken measures to restore solvency but still cannot rectify it, the insurer or branch may use the Fund for Protection of the Insured under the decision of the Ministry of Finance on termination of measures to restore solvency;
  - b) The insurer goes bankrupt and the Fund for Protection of the Insured is used from the time the judge issues a decision declaring the insurer bankrupt;

c) In case the insurer receives the transfer the portfolios of insurance policies from the bankrupt or insolvent insurers, The Fund for the Protection of the Insured will be used to cover the shortfall between the insurance assets and liabilities, as well as shortages of corresponding technical reserves.

6. The Fund for the Protection of the Insured will be used to make insurance payouts, the cash surrender value; pay insurance compensation; refund the premiums as prescribed in the insurance policy at the request of an insolvent insurer, or a branch of foreign non-life insurer, or a bankrupt insurer and make a lump sum payment for each claim for insurance payout, refund of cash surrender value, insurance compensation, or premium refund; compensate for the shortfall between insurance assets and liabilities, as well as the shortages of corresponding technical reserves for the bankrupt or insolvent insurers.

7. As for insurers, branches of foreign non-life insurers owed to the Fund for Protection of the Insured:

a) Insurers, branches of foreign non-life insurers shall bear the overdue payment interest of 0.03% per day to the Fund based on their overdue payment amount. The overdue payment time shall be counted from the effective date of this Decree to the day before the overdue payment amount is remitted into the state budget.

b) Insurers, branches of foreign non-life insurers must complete the payment of the outstanding amount to the Fund and the overdue payment interest at Point a of this Clause before January 1, 2024. After the mentioned time limit, if an insurer or a branch of foreign non-life insurer has not yet paid the outstanding amount owed and the amount of overdue payment to the Fund, the Ministry of Finance shall request the credit institution that holds an account of the insurer or branch to freeze their account and collect the arrears and overdue payment interest to the Fund.

#### **Article 94. Expenditures of the Fund for the Protection of the Insured**

1. The Fund for the Protection of the Insured may have the following expenditures:

a) Insurance payout, refund of cash surrender value, insurance compensation, or premium refund as prescribed in the insurance policy upon request of the insolvent insurer or branch of foreign non-life insurer under the decision of the Ministry of Finance on termination of measures to restore solvency, or upon request of the bankrupt insurer under the judge's decision on declaration of bankruptcy;

b) The shortfall between the insurance assets and liabilities, as well as shortages of corresponding technical reserves for the insurer that is assigned to receive the transfer the portfolios of insurance policies from the bankrupt or insolvent insurers;

c) Expenses for the management of the Fund for the Protection of the Insured, including Cost of property repair, service costs, payment of trust service fees and other expenses. The amount of expenditure shall comply with applicable law;

d) Expenses for performing the tasks of the Council decided by the Ministry of Finance in the plan for using the Fund's assets to perform the assigned tasks as prescribed at Point b, Clause 4, Article 93 of this Decree.

2. The payment from the Fund for Protection of the Insured under Points a and b, Clause 1 of this Article shall be made according to the following principles:

a) The Fund only pays for the original insurance policy and pays once for each claim for insurance payout, refund of cash surrender value, insurance compensation, or premium refund;

b) In case the insurance policies are transferred from the insolvent insurer or branch of foreign non-life insurer, or the bankrupt insurer to another insurer or branch, the amount paid by the Fund according to the limit specified in Article 95 of this Decree shall be transferred directly to receiving insurer or branch;

c) In case the insurer or branch of foreign non-life insurer becomes insolvent, the Fund shall only pay the difference between the amount of money the insurer, branch of non-life insurer has to pay

under the insurance policy and the amount the insured receives from the insurer or branch of the foreign non-life insurer;

d) In case an insurer goes bankrupt, the Fund will only pay the difference between the amount the insurer has to pay under the insurance policy and the amount the insured receives in accordance with the law on bankruptcy;

dd) In case the insured is obliged to repay the debt of the insurer or branch of foreign non-life insurer as agreed in the insurance policy and regulations of law, the Fund shall only pay the difference between the amount of money the insured receives according to the limit specified in Article 95 of this Decree and the amount owed by the insured to the insurer or branch of foreign non-life insurer.

#### **Article 95. Payment limit of the Fund for the Protection of the Insured**

1. As for life insurance policies, the Fund shall pay up to 90% of the extent of liability of the life insurer, but not more than 200 million VND/insured/policy. The extent of liability of the life insurer corresponding to each case is prescribed as follows:

a) As for policies where the insured event has occurred but the insurance benefits have not been paid, the extent of liability of the insurer is the insurance benefits to be enjoyed as agreed in the insurance policy;

b) As for policies that have savings feature, cash surrender value, and remain valid, the extent of liability of the insurer shall correspond to the cash surrender value of the policy at the time when the competent authority declares the insurer insolvent or bankrupt;

c) As for policies that only have protection feature, have no cash surrender value, and remain valid, the extent of liability of the insurer shall correspond to the premium paid for the remaining period of the insurance policy;

d) As for investment-linked insurance policies that remain valid, the extent of liability of the insurer shall correspond to the value of the customer's account at the time when the competent authority declares the insurer insolvent or bankrupt;

dd) If a life insurance policy has multiple insured persons, the maximum payment limit of the Fund specified at Points a, b, c and d, Clause 1 of this Article shall apply to each insured person, unless otherwise agreed between the insured and the insurer in the insurance policy.

2. As for health insurance policies, the Fund shall pay up to 90% of the extent of liability of the insurer or branch of foreign non-life insurer, but not more than 200 million VND/insured/policy. The extent of liability of an insurer or a branch of foreign non-life insurer corresponding to each case is specified as follows:

a) As for policies where the insured event has occurred but the insurance benefits have not been paid, the extent of liability of the insurer or branch of foreign non-life insurer is the insurance benefits to be enjoyed as agreed in the insurance policy;

b) As for valid insurance policies, the extent of liability of the insurer or branch of foreign non-life insurer is in proportion to the premium paid for the remaining period of the insurance policy;

c) If a health insurance policy has multiple insured persons, the maximum payment limit of the Fund shall apply to each insured person, unless otherwise agreed between the insured and the insurer/branch in the insurance policy.

3. With respect to non-life insurance policies:

a) As for compulsory insurance policies for civil liability of motor vehicle owners, the Fund shall pay up to the limit of liability of insurers and branches of foreign non-life insurers within the scope of insurance in accordance with applicable laws;

b) As for insurance policies in other types of insurance, the Fund shall pay up to 80% of the extent of liability of the insurer or branch of foreign non-life insurer, but not more than 100 million VND/insured/policy;

c) The extent of liability for non-life insurance policies of non-life insurers and branches of foreign non-life insurers includes insurance benefits to be enjoyed as agreed upon in the insurance policy and premium paid in proportion to the remaining period of the insurance policy.

#### **Article 96. Procedures for payment from the Fund for the Protection of the Insured**

1. Bankrupt or insolvent insurers and branches of foreign non-life insurers must submit to the Ministry of Finance one set of application, including the following documents:

- a) An application for use of the Fund specified in Appendix XVIII to this Decree;
- b) A written certification from a competent authority that the plan on division of the value of the insurer's assets has been completed (in case the insurer goes bankrupt);
- a) List of insured persons, claims for insurance payout, refund of cash surrender value, insurance compensation, or premium refund as prescribed in the insurance policy that the insolvent insurer or branch of foreign non-life insurer cannot pay; compensation from the third person under the decision of the Ministry of Finance on termination of measures to restore solvency, or at the time the bankrupt insurer's asset value division plan has been completed;
- d) Statistical documents on technical reserves and assets corresponding to the technical reserves of the portfolios of insurance policies expected to be transferred of the insolvent or bankrupt insurer or branch of foreign non-life insurer, the shortfall between the insurance assets and liabilities, as well as the lack of corresponding technical reserves for the designated insurer to receive the portfolio of insurance policies from the bankrupt or insolvent insurer.

2. Within 14 days of receiving the application of the insurer or branch of foreign non-life insurer, the Ministry of Finance shall set up a Council as prescribed in Clause 4, Article 93 of this Decree.

3. Within 150 days of receiving a complete application as prescribed in Clause 1 of this Article, the Council shall perform the following tasks:

- a) Check the completeness and validity of the application for insurance payout and refund of cash surrender value; refund of insurance premiums filed by the insurer or branch of foreign non-life insurer in order to accurately determine the amount; check documentation on technical reserves and corresponding assets in case of designation to receive the portfolio of insurance policies;
- b) Develop a plan for insurance payout, refund of cash surrender value; payment of compensation.

4. Within 5 working days from the date the Ministry of Finance approves the insurance payout plan, the Council shall make public the payment to the insured in daily newspapers (at least in a central newspaper or a local newspaper where the head office, branches and transaction offices of the insurer or branch of foreign non-life insurer are located in Vietnamese in 3 consecutive issues, as well as post up the list of beneficiaries at these head office, branches and transaction offices, and on the websites of the Ministry of Finance, the insurer or branch of foreign non-life insurer. The notice must clearly state the location, time, and method of payment of the Fund.

5. The Council shall make insurance payouts from the Fund for Protection of the Insured in accordance with the insurance payout plan approved by the Ministry of Finance.

6. Recipients of insurance payouts, cash surrender value, and compensation; refund of insurance premiums must meet the following conditions:

- a) They are named in the list of recipients, with supporting documents enclosed, approved by the Ministry of Finance;
- b) There are documents proving their lawful interests in the Fund's payments, including: citizen's identity card, personal identity card, passport, or other lawful personal identification documents; an insurance policy; power of attorney to receive money (if any).

#### **Chapter VII**

### **INVESTMENT-LINKED INSURANCE AND RETIREMENT INSURANCE**

## **Section 1. GENERAL PROVISIONS**

### **Article 97. General principles**

1. During the course of operation of investment-linked insurance and retirement insurance, the insurer must ensure compliance with the following regulations:

a) Maintain a solvency margin higher than the minimum solvency margin: VND 200 billion (for investment-linked insurance); VND 300 billion (for retirement insurance);

b) Operate an information technology system that meets the requirements of Clause 2 of this Article.

2. The information technology system of an insurer providing investment-linked insurance and retirement insurance must:

a) Monitor and manage in detail each transaction of the investment-linked insurance policy (for the investment-linked insurance ) and each retirement insurance account (for the retirement insurance);

b) Ensure up-to-date and accurate data on insurance policies between divisions in the enterprise; ensure the setting aside of technical reserves and recognition of revenue and expenses;

c) To roll out the unit-linked insurance, the information technology system must assist in checking information on account value and number of units of each unit-linked fund; compare the premium pending for allocation with the premium paid by the customer by the end of the fiscal year and the end of the policy year; track the details of the sale and purchase of units of the unit-linked insurance policy.

3. An insurer that rolls out investment-linked insurance and retirement insurance must ensure that the information on their operation of universal life-linked fund, voluntary retirement fund and unit-linked funds is updated transparently, clearly, and regularly updated on their website, at least containing:

a) Investment returns and announced investment interest rates of the universal life fund, voluntary retirement fund, and unit-linked funds in the last 5 consecutive years;

b) Selling price, purchase price of units of the unit-linked fund (hereinafter referred to as fund units); net asset value per unit of the unit-linked fund on the working day immediately following the valuation date (in case the insurer rolls out the unit-linked insurance product).

The insurer must ensure that information on the selling prices and purchase prices of units are kept and can be looked up on their website within 3 years.

4. The insurer must set up calculation tools and instructions so that customers can build their own insurance plans according to each insurance product provided on their website. The calculation tool must meet the following minimum requirements:

a) As for universal life insurance products: Customers can choose the basic insurance premium, the extra premium (if any) with at least 2 illustrated investment interest rates (including the guaranteed interest rate and the assumed interest rate selected by the policyholder), the expected premium payment term to assess the account value during the insurance policy term or for a minimum period of 20 years;

b) As for unit-linked insurance products: Customers may choose the basic premium rate, extra premium (if any), expected premium payment term, expected interest rate, expected unit-link fund to evaluate the value of the account for a maximum period of 20 years;

c) As for retirement insurance products: Customers may build an individual's retirement plan through the selection of input factors such as the illustrated investment interest rate, expected retirement benefits in the future, the expected premium payment period, the expected period of receiving periodic retirement benefits;

d) The expected interest rate used in the calculation tool does not exceed the maximum interest rate used in the sales materials of the respective investment-linked insurance product or retirement insurance product;

dd) The data illustrated in the calculation tool must clearly show the following minimum data: benefits of the insurance policy; fees charged to customers and premiums for each policy year.

Enterprises must ensure compliance with this Clause within 1 year from the effective date of this Decree.

#### **Article 98. Premiums of investment-linked insurance policies, retirement insurance policies**

1. Premiums of investment-linked insurance policies, retirement insurance policies include:

a) Basic insurance premium as prescribed in Clause 2 of this Article;

b) Additional insurance premiums as prescribed in Clause 3 of this Article.

2. Basic premium:

a) Basic premium is the premium determined based on the sum insured chosen by the customer and specified in the investment-linked insurance policy, the retirement insurance policy. The basic premium is paid periodically or once as agreed in the insurance policy;

b) The compulsory payment period for an investment-linked insurance policy with periodic basic premiums shall not exceed 4 years. During the compulsory payment period, the insurer must ensure that the investment-linked insurance policy is not lapsed if the customer has fully paid the basic premium and there is no withdrawal from the account.

3. Extra premium:

a) In addition to the basic insurance premium, the policyholder may pay an extra premium to invest in the universal life fund (for universal life insurance product) or to purchase units (for unit-linked insurance product) or to invest in a voluntary retirement fund (for retirement insurance product);

b) As for investment-linked insurance policies, in each policy year, the total extra premiums paid must not exceed 5 times the annual basic premium rate of the current policy year (for regular premium policy) or does not exceed the basic premium (for single premium policy).

#### **Article 99. Fees charged to the policyholder**

1. Fees charged to the policyholder include:

a) Initial fee: used to cover expenses related to the use of insurance policies, capital costs of the insurer. The initial fee is deducted as a percentage (%) of the premium when the policyholder pays the premium. The premium after deducting the initial fee is the part that is invested and allocated to the investment-linked fund (for investment-linked insurance policy), voluntary retirement fund (for retirement insurance policy) within 30 days from the date the insurer receives the premium;

b) Policy management fee: used to cover costs related to maintaining the insurance policy and providing information related to the insurance policy for the insurance buyer. Policy management fee is deducted from the account value of the policyholder;

c) Risk fee: used to pay death and disability benefits as committed in the insurance policy. Risk fee is deducted from the account value of the policyholder;

d) Fund management fee: used to pay for investment, asset valuation, fund supervision and management. The fund management fee is determined as a percentage (%) of the net asset value of the investment-linked fund (for investment-linked insurance policy), the voluntary retirement fund (for the retirement insurance policy). Fund management fee is deducted before

determining investment returns of investment-linked fund (for investment-linked insurance policy), voluntary retirement fund (for retirement insurance policy);

dd) Early termination fee (applicable to investment-linked insurance product): used to cover reasonable expenses related to the policyholder's termination of the insurance policy early. Early termination fee is deducted from the account value of the policyholder;

e) Unit-linked fund conversion fee (applicable to unit-linked insurance product): is the fee charged to the policyholder when converting investment assets between unit-linked funds;

g) Retirement insurance account transfer fee (applicable to retirement insurance product): is a fee that a policyholder must pay to the current insurer when transferring their retirement insurance account to a new insurer.

2. The insurer is responsible for calculating fees charged to the policyholder in an accurate, fair, and reasonable manner, in accordance with the method and basis of charging fees for products registered with the Ministry of Finance.

3. The fees charged to the policyholder must be clearly stated in the insurance policy. During the performance of the policy, in case the insurer changes the fees or rates of fees applicable to the policyholder, the insurer is responsible for notifying the policyholder in writing at least 3 months before the official date of change. The fee or rate of fee to be changed must not exceed the maximum limit agreed in the insurance policy.

#### **Article 100. Fund management companies**

1. An insurer that rolls out universal life insurance products, retirement insurance products is entitled to manage and invest assets of the universal life fund, voluntary retirement fund on its own initiative, or entrust a fund management company to invest assets of the universal life fund, the voluntary retirement fund, or engage a fund management company to manage the portfolio of the assets of the universal life fund, the voluntary retirement fund.

2. An insurer that rolls out unit-linked insurance products shall entrust a fund management company that has experience in managing member funds or open-ended funds to invest in assets from unit-linked funds.

3. Entrusted assets are registered as owned by the insurer and deposited in the depository account of the insurer. The fund management company must separately manage investment assets from the investment-linked fund, the voluntary retirement fund of the insurer from other funds of the insurer and other customers. The fund management company may not use the assets of the investment-linked fund or voluntary retirement fund to perform any transaction or purpose not specified in the entrustment contract of the insurer.

4. When acting as a trustee to invest assets from unit-linked funds, the fund management company shall, at least weekly, or more frequently as agreed in the entrustment contract and before the next valuation date, provide information and value of investment assets for the insurer. The fund management company shall coordinate with the custodian bank and insurer to evaluate the net asset value of the unit-linked fund and the net asset value per fund unit on a periodic basis, and report on the investment portfolio, valuation, and performance of the unit-linked fund.

The insurer shall compare the investments of the fund management company and the depository account at the bank. The insurer must ensure the consistency of data specified at points a and b of this clause on the valuation date:

a) The total value of the insurance premium allocated to the unit-linked fund (the number of fund units of the policyholder on the valuation date multiplied by the buying price of the fund unit) and the value of the owner's contribution in the unit-linked fund (the number of fund units of the owner on the valuation date multiplied by buying price of the fund units);

b) Net asset value of the unit-linked fund.

5. When acting as a trustee or managing the portfolio of assets of the voluntary retirement fund, the fund management company must have at least 3 employees with at least 3 years of



experience in managing retirement funds or insurance policyholder fund or investment portfolio management experience with an average investment term of more than 5 years. These employees must have a fund management practice certificate issued by the State Securities Commission or be a member of the Chartered Financial Analysts (CFA) or obtain a bachelor's degree, master's degree, or doctorate degree in finance or investment.

6. The fund management company is held accountable for any errors or losses caused by mispricing under the insurer's entrustment contract for unit-linked fund management, or for losses caused by the trust or portfolio management of the assets of the voluntary retirement fund, the universal mutual fund.

## **Section 2. INVESTMENT-LINKED INSURANCE**

### **Subsection 1. CHARACTERISTICS AND BENEFITS OF INVESTMENT-LINKED INSURANCE**

#### **Article 101. Characteristics of investment-linked insurance**

1. Investment-linked insurance includes universal life insurance and unit-linked insurance.
2. Insurance products in the investment-linked insurance have the following characteristics:
  - a) Benefits of an investment-linked insurance policy are separated between death and disability benefits and investment benefits. A policyholder cannot choose to participate in the investment benefits of an investment-linked insurance policy without also participating in the death and disability benefits;
  - b) The premium structure is separated between the investment fee and the initial fee as prescribed at Point a, Clause 1, Article 99 of this Decree;
  - c) The policyholder is entitled to all investment returns from the investment fee after deducting the fees specified at Points b, c and d, Clause 1, Article 99 of this Decree;
  - d) The policyholder has the flexibility to determine the premium and sum insured in accordance with the terms of the insurance policy.
3. The minimum terms of an investment-linked insurance policy with regular and single premium plan are respectively 10 years and 5 years.

#### **Article 102. Benefits of investment-linked insurance policies**

1. Benefits of an investment-linked insurance policy include:
  - a) Death and disability benefits specified in Clause 2 of this Article;
  - b) Investment benefits specified in Clause 3 of this Article;
  - c) Other bonus benefits (if any) to increase the account value in the investment-linked insurance policy.
2. Death and disability benefits:
  - a) Death and disability benefits include death benefits and total and permanent disability benefits;
  - b) Death and disability benefits must meet the minimum level as follows:

As for single premium policy: VND 50,000,000 or 125% of single premium, whichever is greater;

As for regular premium policy: VND 50,000,000 or 5 times annual basic premium, whichever is greater;

The insurer can provide death benefits with the sum insured lower than the minimum specified above for the insured from 60 years of age or older, but not less than VND 50,000,000.
3. Investment benefits: is the entire investment return from the policyholder's investment fee after deducting the fund management fee as agreed in the insurance policy.

4. Within 2 years from the effective date of this Decree, the insurer may continue to provide benefits of investment-linked insurance policies as prescribed in the rules and terms of investment-linked insurance products which have been approved by the Ministry of Finance before the effective date of this Decree.

## **Subsection 2. UNIVERSAL LIFE INSURANCE**

### **Article 103. Name and design of universal life insurance products**

1. The name of the universal life insurance product must be consistent with the nature of the insurance product and contain the phrase “Sản phẩm bảo hiểm liên kết chung” (Universal life insurance product).
2. The account value of the universal life insurance policy is formed from the fee that is invested in the universal life fund and other benefits as agreed in the insurance policy.
3. The insurer must commit the minimum investment interest rate in the universal life insurance policy. In case the investment interest rate of the universal life fund is lower than the committed minimum interest rate, the insurer shall use the assets of the owner's fund to cover the difference between the actual interest rate earned on the investment, of each universal life account, and the minimum interest rate.
4. The cash surrender value of a universal life policy is the account value of that policy on the policy termination date minus the early termination fee.

### **Article 104. Establishment and management of universal life fund**

1. An insurer must establish a universal life fund for all universal life insurance policies, ensuring that the assets formed from the universal life fund are separated from the owner's fund and other policyholder funds.
2. The universal life fund was established before the first universal life insurance policy was signed and has a minimum amount of not less than VND 50 billion.
3. An insurer is entitled to an investment return corresponding to the amount contributed to the establishment of the universal life fund at the announced interest rate applicable to universal life insurance policyholders. The insurer may be refunded a part or the whole of their contributed amount if it still ensures that the total value of the universal life fund is not lower than VND 50 billion.
4. The policyholder is entitled to investment returns corresponding to the value of his/her account at the universal life fund in each fiscal year and not lower than the minimum committed interest rate specified in the insurance policy.
5. Universal life fund shall be managed and used for investment in accordance with the financial regime applicable to insurers.

## **Subsection 3. UNIT-LINKED INSURANCE**

### **Article 105. Name and design of unit-linked insurance products**

1. The name of the unit-linked insurance product must be consistent with the nature of the insurance product and contain the phrase “Sản phẩm bảo hiểm liên kết đơn vị” (Unit-linked insurance product).
2. The policyholder may invest fees in the unit-linked fund established by the insurer, enjoy all investment returns and bear all investment risks from the chosen unit-linked fund.
3. The account value of a unit-linked insurance policy is determined based on buying price of units of the unit-linked fund and the corresponding number of units on the valuation date.
4. The cash surrender value of the unit-linked insurance policy is equal to the account value of the unit-linked fund on the valuation date after the date on which the policyholder requests to terminate the policy minus the early termination fee.

5. As for a unit-linked insurance policy with single premium plan, the policyholder's premium is only used to buy fund units with an investment proportion of not less than 60% of value of their total assets in the portfolio of bank deposits and other fixed-income securities.

#### **Article 106. Establishment of a unit-linked fund**

1. The insurer must ensure at least two unit-linked funds for each unit-linked insurance product. Each unit-linked fund must have separate investment policy, investment objectives and investment limits, which enables policyholders to tell the difference between unit-linked funds rolled out by the insurer.
2. The name of each unit-linked fund must be clear and consistent with their investment policies and objectives.
3. Before the first unit-linked insurance policy is signed, the insurer must use part of the owner's fund to form the unit-linked fund's assets in accordance with the investment policy, investment objectives, and investment limits of each unit-linked fund, and must ensure that the value of each unit-linked fund is not less than VND 50 billion.
4. If an insurer adds a new unit-linked fund that is managed directly by the fund management company, the enterprise must ensure that the value of each unit-linked fund is not less than VND 50 billion.
5. The insurer is entitled to investment returns corresponding to their amount contributed to the unit-linked fund. The insurer may be refunded a part or the whole of their contributed amount if it still ensures that the total value of the unit-linked fund is greater than VND 50 billion. If the net asset value of the fund falls below VND 30 billion on the valuation date, the insurer must top up the fund using the owner's fund to ensure that the net asset value is not lower than VND 30 billion within 30 days.
6. An insurer must ensure that the assets formed from the unit-linked fund are separated from the owner's fund and other policyholder funds. In case an insurer establishes unit-linked funds that are directly managed by the fund management company, the insurer must ensure the assets formed from these unit-linked funds must be separated from other unit-linked funds.
7. In all cases, the unit-linked fund must be managed and used for investment in accordance with the investment policies, investment objectives, and investment limits specified in Article 108 of this Decree.

#### **Article 107. Investment objectives of unit-linked funds**

1. The investment objectives of unit-linked funds must be clear and detailed so that policyholders can make an informed assessment of their current state of operation and the risks that they face.
2. The investment objectives of unit-linked funds must be disclosed in a clear and comprehensive manner in brochures and insurance policies.

#### **Article 108. Investment limits of unit-linked funds**

1. The investment limits in each portfolio of investment assets of the unit-linked fund must be consistent with the investment policy and investment objectives specified in the method and basis of charging premiums of the products registered with Ministry of Finance and in compliance with Clause 2 of this Article. The investment in assets of the unit-linked fund must comply with the general regulations on investment principles in Clause 2, Article 99 of the Law on Insurance Business No. 08/2022/QH15.
2. Investment limits of each unit-linked fund:
  - a) Government debt instruments: No restriction;
  - b) Actively traded securities of issuers: up to 100% of the total asset value of the unit-linked fund;
  - c) Actively traded securities of an insurer: up to 10% of the total value of the actively traded securities of that organization and up to 20% of the total asset value of the unit-linked fund;

d) Direct investment in real estate, gold, silver, precious metals, gems: 0% of the total asset value of the unit-linked fund;

dd) Investment in companies in the same group of companies with ownership relations in the following cases: parent company, subsidiary company; companies owning more than 35% of each other's shares and contributed capital; group of subsidiaries having the same parent company: up to 30% of the total asset value of the unit-linked fund;

e) Investment in securities investment funds, shares of securities investment companies established and operating in Vietnam: 0% of the total asset value of the unit-linked fund.

3. The investment limits of the unit-linked fund may differ from those specified in Clauses 1 and 2 of this Article as a result of an increase or decrease in the value of the investment assets, legal payments of the unit-linked fund, and the full or partial division, consolidation, acquisition of issuers. In such circumstances, the unit-linked fund is not allowed to invest in assets with deviations. Within 3 months from the date of deviation, the insurer must request the fund management company to adjust the investment portfolio to meet the investment limits' requirements specified in Clauses 1 and 2 of this Article.

The insurer must notify Ministry of Finance in writing of, and disclose information to the policyholder about the causes of the above deviations, the remedial measures taken and the effectiveness of the remedy.

4. If the deviation is caused by the insurer or fund management company's failure to comply with the investment limits specified in Clauses 1 and 2 of this Article or the investment policies and investment objectives of the unit-linked fund, which are specified in the method, the basis on which premiums are charged, the insurer must request the fund management company to readjust the investment portfolio within 15 days from the date of deviation.

5. The insurer shall compensate for damage caused to the policyholder and the unit-linked fund in the following cases:

a) They fail to comply with the investment policies and investment objectives specified in the premium-charging method and basis registered with the Ministry of Finance;

b) Investment in restricted assets or investment in excess of investment limits as prescribed in Clauses 1 and 2 of this Article.

6. The amount of compensation for the policyholder and the unit-linked fund is determined on the basis of the actual damage incurred. Where investment activities under Clause 5 of this Article generate profits, the insurer must account all profits to the unit-linked fund.

7. The investment limits must be disclosed in a clear and comprehensive manner in brochures and insurance policies.

#### **Article 109. Valuation of unit-linked funds**

1. The insurer must value the assets in the unit-linked fund's portfolio at least once a week, at market value, or fair value (if market value is unavailable). The insurer must specify the valuation date in the rules and terms of insurance products in order to buy and sell fund units. If the valuation date coincides with a holiday or day off as prescribed by law, the insurer shall determine the valuation date on the next working day.

2. The determination of the net asset value of the unit-linked fund must comply with the principles of determining the net asset value of the open-ended fund in accordance with applicable laws.

3. The custodian bank, which is legally established and operating in Vietnam, approves the determination of the net asset value of the unit-linked fund.

4. Insurers, fund management companies, and custodian banks must have a mechanism and process in place for comparing, reviewing, examining, and supervising the net asset valuation to ensure that it is accurately and suitably calculated.

5. The insurer must take full responsibility in case of misvaluing of fund units, and must compensate policyholders and the unit-linked fund for deviations arising from the purchase and sale of these fund units because the net asset value of the fund is misvalued with the deviation level as follows:

- a) Reach at least 0.5% of the net asset value, for a unit-linked fund that invests in stocks. The unit-linked fund invests in stocks no less than 70% of the total asset value in the stock portfolio;
- b) Reach at least 0.75% of the net asset value, for a unit-linked fund that invests in bonds. The unit-linked fund invests in stocks no less than 70% of the total asset value in the bond portfolio;
- c) Reach at least 1.00% of net asset value for other unit-linked funds of the insurer.

6. In case the net asset value per fund unit is misvalued with the error reaching the margins specified in Clause 5 of this Article, the insurer shall make a plan to remedy and compensate in the following order:

- a) Re-determine the net asset value of the unit-linked fund on each trading day during the time the fund is misvalued;
- b) Determine compensations for the fund and compensations for policyholders from mispricing the fund's assets on each trading day. The insurer is not required to compensate the policyholders for deviations of less than VND 100,000, but the entire amount corresponding to the deviation value of less than VND 100,000 must be put into the fund.

7. The amount of compensation for the policyholder and the unit-linked fund from the purchase and sale of fund units in case of misvaluing the fund units is determined as follows:

- a) In case the fund is undervalued, the compensation amount for the policyholder and the unit-linked fund is determined as follows:

If the premium is allocated to purchase fund units before the time the fund is misvalued and the units are sold during the period when the fund is misvalued: The amount of compensation to the policyholder is determined based on the margin of error and the number of fund units sold by the policyholder;

If the premium is allocated to purchase fund units during the period when the fund is misvalued and continues to be held after the period when the fund is misvalued: The insurer shall compensate the unit-linked fund. The compensation amount is determined based on the margin of error and the number of fund units that the policyholder has purchased and continues to hold after the misvaluing period.

- b) In case the fund is overvalued, the compensation amount for the policyholder and the unit-linked fund is determined as follows:

If the premium is allocated to purchase fund units before the time the fund is misvalued and the units are sold during the period when the fund is misvalued: The insurer shall compensate the unit-linked fund. The compensation amount is determined based on the margin of error and the number of fund units that the policyholder has sold during the mispricing period;

If the premium is allocated to purchase fund units during the period when the fund is misvalued and continues to be held after the period when the fund is misvalued: The compensation amount is determined based on the margin of error and the number of fund units that the policyholder has purchased and continues to hold after the mispricing period.

- c) All expenses for compensation to the policyholder and the unit-linked fund must not be accounted into the expenses of the unit-linked fund of the insurer.

8. Within 7 working days from the date on which the error is found, the insurer must report to the Ministry of Finance the plan to remedy the error when valuing the fund units, the plan to compensate for damage to the fund and the policyholders. The plan must clearly state the cause of the incident, the time when the fund was misvalued, the extent of the fund's damage, the extent of the policyholder's damage, together with a list of the policyholders with impaired benefits

to be compensated and compensation amount for each policyholder. Within 15 working days from the date of the report to the Ministry of Finance, the insurer must pay compensation for the damage incurred to the policyholders and the unit-linked fund.

#### **Article 110. Determination of selling and buying prices of fund units**

1. Selling price is the price of one fund unit when the insurer sells it to the policyholder on the valuation date.
2. Buying price is the price of one fund unit when the insurer buys it from the policyholder on the valuation date.
3. Fund unit is the asset of the unit-linked fund which is divided into units of equal value.
4. The selling price and buying price of fund units are determined based on the net asset value of each fund unit on the valuation date immediately following the day when the insurer receives request to buy or sell fund units. The difference between the selling price and the buying price of a fund unit must not exceed 5% of the selling price.
5. Net asset value of each fund unit is equal to the total value of assets in the unit-linked fund minus related liabilities divided by the total number of fund units.

#### **Article 111. Buying and selling fund units**

1. The policyholder has the right to buy more fund units from or redeem fund units to the insurer.
2. The policyholder may buy additional fund units when the following requirements are satisfied:
  - a) The insurance policy of the policyholder is still valid and contains the amount for additional purchase;
  - b) There is a request to buy more fund units according to the insurer's form, specifying the amount of the sum they want to buy more fund units, the percentage of each unit-linked fund, and confirmation on the request to buy additional fund units.
3. The policyholder may redeem fund units when the following requirements are satisfied:
  - a) The insurance policy of the policyholder is still valid and the number of fund units to be redeemed meets the regulations on the minimum amount of the insurer for the policyholder's redemption of fund units;
  - b) There is a request to redeem fund units according to the insurer's form, specifying the amount of the number of fund units to redeem, the percentage of each unit-linked fund to be redeemed, or the sum to be withdrawn, and confirmation on the request to redeem fund units.
4. The insurer shall handle the request to buy more or redeem fund units on the next valuation date. The buying or selling price of fund units is determined according to Article 110 of this Decree.
5. The account value under the unit-linked insurance policy of the policyholder changes according to the request to buy more or redeem fund units, calculated from the time the insurer determines buying price or selling price and complete the purchase and sale of fund units at the request of the policyholder. The insurer must clearly specify the sale and purchase transactions from the unit-linked insurance policy.
6. The insurer is not allowed to refuse the policyholder's request to buy more or redeem fund units when the policyholder has satisfied the requirements specified in Clauses 2 and 3 of this Article.

#### **Article 112. Unit-linked fund investment council**

1. The insurer must establish an Investment Council to conduct the following activities:
  - a) Approve the investment policies and procedures of each unit-linked fund on the most prudent basis to ensure the safety of the unit-linked fund's assets and in accordance with their investment

objectives and strategies as disclosed to customers. Approve the valuation manual and reach an agreement to use the valuation manual when engaging more than one fund management company to manage the unit-linked fund. Any changes in regulations, policies, and investment procedures of each unit-linked fund must be approved by the Investment Council before they are implemented;

b) Decide to close the unit-linked fund and convert its assets into a new unit-linked fund with the same investment objectives; change the name of the unit-linked fund; split or merge existing fund units or stop valuing fund units and transactions related to insurance policies in exceptional cases specified in insurance policies to protect the interests of the policyholders;

c) Approve investment assets in accordance with the investment limits specified in Article 108 of this Decree;

d) Other tasks at the request of competent authorities and regulations of law.

2. The Investment Council is composed of at least three members, in which:

a) One member is an actuary of the insurer;

b) One member is an employee of the insurer, or the insurer's parent company, or a fund management company which obtains a certificate of Chartered Financial Analysts (CFA) or a fund management practice certificate issued by State Securities Commission (SSC), or an equivalent professional degree, and have at least three years' experience in managing the operation of an open-ended fund or a unit-linked fund;

c) One member is a lawyer of the insurer, or the insurer's parent company, who has professional qualifications in law on the field of investment or has at least five years of experience directly working in insurance, finance or banking.

3. The Investment Council must meet quarterly and may hold ad-hoc meetings at the request of the insurer. Decisions of the Investment Council are passed by voting at in-person meetings, meetings via telephone, internet, and audio-visual media, or in the form of written opinions.

#### **Article 113. Custodian bank for unit-linked funds**

1. An insurer must engage a custodian bank to perform the following tasks:

a) The asset custody of unit-linked funds must comply with applicable regulations on the establishment and management of open-ended funds;

b) Supervise the asset management of unit-linked funds of the insurer, or the fund management company authorized by the insurer, in accordance with the investment limits, objectives, and investment policies, portfolio structure of the insurer, and regulations of applicable law at all times. If any violation against laws or investment trust contract is found, the custodian bank must report to the Ministry of Finance (the Department of Insurance Management and Supervision) without delay, and notify the fund management company within 24 hours since the detection, and require the corrective measure or remedial action to address the violation within the prescribed time limit;

c) Monitor the expenses of the fund to ensure that they are only paid from the fund's assets, in accordance with applicable law and the fund's investment objectives;

d) Collaborate with the insurer and fund management company to regularly review the net asset value, calculate the value of the unit-linked fund and the net asset value per fund unit, and ensure that these values are calculated correctly, accurately, and in accordance with the law;

dd) Monitor the implementation and evaluation of the outcomes of the consolidation, acquisition, dissolution, and liquidation of the unit-linked fund, in cases where the insurer is authorized to take these measures.

2. The assets of the unit-linked fund that are held by the custodian bank and registered in the name of the insurer are assets owned by the unit-linked fund, not by the custodian bank or the

fund management company. The custodian bank may not use the assets of the unit-linked fund to pay or guarantee payment for its own debts or to a third party.

3. The custodian bank shall prepare and maintain documentation in both hard copy and electronic form for 10 years in order to confirm that the insurer and fund management company's investment complies with the investment objectives of the unit-linked fund and regulations of law. These documents must be provided upon request in writing by the Ministry of Finance.

### **Section 3. RETIREMENT INSURANCE**

#### **Article 114. Characteristics of retirement insurance**

1. Retirement insurance includes:

- a) Retirement insurance for each individual;
- b) Retirement insurance for groups of employees (group-type retirement insurance); the policyholder is the employer; the employee will receive all benefits of the insurance policy after a certain period of time as agreed between the parties and recorded in the insurance policy.

2. Products in the retirement insurance have the following characteristics:

- a) After the policyholder has paid the insurance premiums in full, the insured starts being paid retirement benefits when reaching the age agreed upon in the insurance policy, but not lower than the retirement age in accordance with regulations of law on retirement age;
- b) The premium structure of the retirement insurance product is separated between the investment fee and the initial fee as prescribed at Point a, Clause 1, Article 99 of this Decree;
- c) Each insured person under an individual-type policy or a group-type policy has a separate retirement insurance account as prescribed in Article 118 of this Decree.

#### **Article 115. Basic insurance benefits of retirement insurance policies**

1. An insurer may design their own retirement insurance products but must include periodic retirement benefits as prescribed in Clause 2 of this Article, and death and disability benefits as prescribed in Clause 3 of this Article.

2. As for periodical retirement benefits, the insurer must ensure that:

- a) Retirement benefits are paid periodically until the death of the insured or for at least 10 years, depending on the terms of the insurance policy;
- b) The insurer and the policyholder agree on the amount of retirement benefits each period, the number of periods to receive retirement benefits;
- c) Calculating the accrued interest from the unpaid retirement benefits to the policyholder, but not lower than the committed minimum investment interest rate agreed upon in the insurance policy.

3. With regard to death and disability benefits, the insurer must ensure that the policyholder is entitled to these benefits while the insurance premiums are still being paid, and the insurer may continue to provide these benefits while the insurance benefits are being paid, depending on the terms of the insurance policy. Death and disability benefits include at least the following benefits:

a) Funeral allowance benefits:

Upon receipt of a claim for payment of death benefits, the insurer must immediately pay the beneficiary(ies) the funeral allowance agreed upon in the insurance policy, regardless of whether the policyholder had sufficient coverage.

b) Death benefits and total permanent disability benefits:

If the insured person's death or total permanent disability is covered by the insurance policy and occurs within the prescribed time limit, the insurer must pay the beneficiary the sum insured agreed upon in the insurance policy;



The policyholder is entitled to choose the sum insured when entering into the insurance policy and may adjust the sum insured during the effective period of the insurance policy as agreed in the insurance policy.

#### **Article 116. Establishment and management of voluntary retirement funds**

1. When rolling out a retirement insurance, the insurer must set up a voluntary retirement fund, and then keep separate bookkeeping of revenues, expenses, assets, and capital sources of the voluntary retirement fund from other policyholder's funds and owner's funds.
2. The voluntary retirement fund is funded by the insurance premiums paid by policyholders and the contributions made by life insurers as prescribed in clause 3 hereof.
3. When setting up a voluntary retirement fund, the insurer must contribute at least 200 billion Vietnam dong from its owner's fund to the fund and must maintain at least 200 billion Vietnam dong in the fund at all times. The insurer is entitled to a portion of investment interest for this contribution corresponding to the announced investment interest rate of the voluntary retirement fund.
4. The investment of voluntary retirement funds is subject to the investment limits prescribed in Article 117 of this Decree.
5. The insurer may not use assets of the voluntary retirement fund to pay fines for violations of the law, debts, and transactions unrelated to the voluntary retirement fund.
6. All assets formed from the premiums allocated to the policyholders of the voluntary retirement fund belong to insured persons.

#### **Article 117. Investment limits of voluntary retirement funds**

1. The investment limits in each portfolio of investment assets of the voluntary retirement fund must be consistent with the investment policy and investment objectives specified in the premium-charging method and basis registered with Ministry of Finance and in compliance with Clause 2 of this Article. The investment in assets of the voluntary retirement fund must comply with the general regulations on investment principles in Clause 2, Article 99 of the Law on Insurance Business No. 08/2022/QH15.
2. Investment limits of voluntary retirement fund:
  - a) Deposit at a credit institution: not limited to but up to 20% of the total value of assets invested by the voluntary retirement fund in a credit institution;
  - b) Government debt instruments: not limited to but at least 40% of the total value of assets invested by the voluntary retirement fund;
  - c) Government-guaranteed bonds, local government bonds, secured corporate bonds: up to 25% of the total value of assets invested by the voluntary retirement fund;
  - d) Stocks (except shares of securities companies, finance companies, finance leasing companies), unsecured corporate bonds, capital contribution to other enterprises: up to 20% of the total value of assets invested by the voluntary retirement fund;
  - dd) Investment in issued shares of an enterprise, corporate bonds: up to 5% of the volume of each issuance and up to 5% of the total value of investment assets of the voluntary retirement fund;
  - e) Investment assets other than those specified at Points a, b, c, d and dd of this Clause: 0% of the total value of assets invested by the voluntary retirement fund.

#### **Article 118. Retirement insurance accounts**

1. The retirement insurance account is a separate account for each insured person that holds the accumulated premiums paid after deducting the initial fee. The account is opened, monitored, and managed by the insurer.

2. The insurer must commit the minimum investment interest rate in the retirement insurance account in the insurance policy. At the end of each fiscal year, the insurer is responsible for announcing the investment interest rate and accumulated account value up to that time. If the investment returns of the retirement insurance account are lower than the committed interest rate, the insurer must use the assets of its owner's fund to cover any shortfalls. In case the insurance policy has an agreement on the accumulation of insurance benefits into the value of the retirement insurance account, these benefits will still be calculated with accrued interest as prescribed at Point c, Clause 2, Article 115 of this Decree.

3. The insured person may not withdraw from the retirement insurance account before the maturity date when he/she reaches the retirement age, as specified in the insurance policy, except for the case specified in Article 119 of this Decree.

#### **Article 119. Early withdrawal from retirement insurance accounts**

The insured is entitled to request for early withdrawal and the insurer is responsible for paying part or all of the value of the retirement insurance account in the following cases:

1. The insured person has a degree of impairment from 61% or more as per applicable law.
2. The insured suffers from a fatal disease as prescribed by law.
3. The insured person is a Vietnamese citizen who is legally permitted to reside in a foreign country by a competent authority.
4. The insured may withdraw from the retirement account early to pay off their personal loans (except for consumer loans) at a bank, provided that the loan contract must remain valid for at least 24 months before the maturity date of the retirement account.

#### **Article 120. Transfer of retirement insurance accounts**

1. If the insured person terminates their employment contract or loses their job and is no longer a member of the group-type policy, they have the following options:

a) They transfer the retirement insurance account from the group-type policy to the individual-type policy with the corresponding value at the same insurer; or

b) They transfer their retirement insurance account to a group-type policy of the new enterprise. The new group-type policy may be at the same insurer, or another insurer, depending on the type of the new enterprise.

2. In case of transfer of the retirement insurance account in the same insurer, based on the written confirmation of premium payment by the policyholder and the written request for account transfer of the insured, the insurer shall transfer the account at requested. The insurer is prohibited from charging a fee for transferring a retirement insurance account.

3. In case of switching to a group-type policy at a new insurer, within five working days of receiving the following: a request to transfer the retirement insurance account, and documentation showing that the beneficiary is no longer a member of the group-type policy of the old enterprise and is now a member of group-type policy of the new enterprise, the insurer must transfer the entire value of that account, up to the request date, to the new insurer, after deducting the account transfer fee (if any).

4. The transferred retirement account value will accrue according to the agreement in the new group-type policy.

5. The new insurer is prohibited from charging an initial fee for the value of the transferred retirement insurance account.

#### **Article 121. Suspension of retirement insurance accounts**

1. The policyholder and the insurer may agree to suspend the retirement insurance account temporarily if the policyholder cannot afford the premium.

2. During the suspension of the retirement insurance account, the insurer is prohibited from charging any fee to the policyholder. The value of the retirement insurance account is accumulated according to the investment rate announced annually by the insurer as agreed in the insurance policy. The insurer is not obliged to pay out benefits during the suspension period, except for two cases: periodic retirement benefits when the insured reaches a certain age; or death and disability benefits if the insured dies or has total permanent disability (with the entire value of the accumulated retirement insurance account).

3. The policyholder may request the insurer to revalidate the suspended retirement insurance account and resume paying the premium.

## **Chapter VIII**

# **IMPLEMENTATION**

## **Article 122. Entry in force**

1. This Decree comes into force as of the date of signing, except for the cases specified in Clause 2 of this Article.

2. Article 33, the articles specified in Section 6, Chapter II, Articles 81, 82, 83, Clauses 1, 2, 3, 4, 5 and 6, Article 93 of this Decree take effect from January 1, 2023.

3. In case an insurer, reinsurer, or foreign branch in Vietnam has invested in corporate bonds of an issuing enterprise before January 1, 2023 with the purpose of restructuring the debts of that issuing enterprise, the extension of this investment is not allowed.

4. This Decree replaces the following documents:

a) Decree No. 73/2016/ND-CP dated July 1, 2016 of the Government on elaboration of the Law on Insurance Business and the Law on amendments to the Law on Insurance Business, except Articles 10, 61, 62, 63, 64, 65, 66, 67. Articles 10, 61, 62, 63, 64, 65, 66, 67 of Decree No. 73/2016/ND-CP, take effect until the end of December 31, 2027;

b) Chapter III of Decree No. 151/2018/ND-CP dated November 7, 2018 of the Government on amendments to Decrees regulating investment and business conditions under the scope of state management of the Ministry of Finance;

c) Article 1 of Decree No. 80/2019/ND-CP dated November 1, 2019 of the Government on amendments to Decree No. 73/2016/ND-CP dated July 1, 2016 of the Government on elaboration of the Law on Insurance Business and the Law on amendments to the Law on Insurance Business, Decree No. 98/2013/ND-CP dated August 28, 2013 of the Government on penalties of administrative violations in the field of insurance business and lottery business, which is amended by Decree No. 48/2018/ND-CP dated March 21, 2018 of the Government.

## **Article 123. Responsibilities for implementation**

Ministers, heads of ministerial-level agencies, heads of Governmental agencies, Presidents of People's Committees of provinces and centrally affiliated to cities, and regulated entities of the Decree shall implement this Decision.

**ON BEHALF OF THE GOVERNMENT  
PP. PRIME MINISTER  
DEPUTY PRIME MINISTER**

**Le Minh Khai**

**FILE ATTACHED**



**Appendix I-III**